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FBIS-LAT-90-004 *5 January 1990*

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Cuba

Rodriguez: No Diplomatic Ties With Panama Exist

FL0501044290 Mexico City NOTIMEX in Spanish 0339 GMT 5 Jan 90

[Text] Havana, 4 Jan (NOTIMEX)—Cuban Vice President Carlos Rafael Rodriguez today said that his country maintains no diplomatic relations with the new Panamanian Government headed by Guillermo Endara and backed by the United States. In practice, Rodriguez said, Cuba has no diplomatic relations with that government.

Because the new Panamanian Government was imposed by the United States, Cuba will morally and politically support the right of the Panamanian people to fight for their true independence and sovereignty, he said. Nevertheless, Rodriguez added, the current situation does not allow Cuba to provide military support to the opposition of the Endara government.

Commentary Rebuts Panama's Linares on Ties

FL0401205390 Havana Radio Rebelde Network in Spanish 1800 GMT 4 Jan 90

[Station commentary]

[Text] A few days ago we were saying that the new Panamanian foreign minister, Julio Linares, is apparently seeking to promote his political career at Cuba's expense—that is, the more anti-Cuban he becomes, the more appealing he will be in the eyes of his master.

A few days ago, this self-styled foreign minister already issued some veiled threats against Cuba. Yesterday, he began to charge again. This time he said that his government is considering—what a surprise!—the possibility of severing diplomatic ties with Cuba and Nicaragua.

In the first place, as Captain Chuchu Martinez said in a powerful appeal to Latin American awareness from underground, the government this little foreign minister is talking about was installed in Panama by the invading forces and it is governing absolutely nothing. Every decision, from traffic regulations to the appointment of ministers, is made by the invading military officers.

Second, we must remind the new foreign minister that Cuba has already stated that it will not recognize the current Panamanian Government imposed by the occupying Yankee forces. Therefore, we cannot see how nonexistent ties can be severed.

Finally, it should be noted that not even the current government led by Guillermo Endara, aka "Sweet Roll" [pan de dulce], is safe in the long run. Some sordid stories are beginning to surface and the United States will have no other choice but to sacrifice some pawns to save its face. These stories are related to the close ties maintained by "Sweet Roll" and his vice presidents—Ricardo Arias Calderon and Guillermo "Billy" Ford—with capos and tycoons involved in the drug trade, a topic we will discuss on another occasion.

Let us, for the time being, refrain from going into the revealing explosive subject that the U.S. Government has deliberately become an accomplice of the very trade it claims to fight.

Havana TV on Noriega's 'Voluntary' Surrender

FL0401145590 Havana Tele-Rebelde Network in Spanish 1245 GMT 4 Jan 90

[Telephone report from Panama City by Nelson Notario Castro during the "Hot Off the Press" section of the "Revista de la Manana" program—live]

[Text] I am sure you already have received the news. In accordance with a late report, the arrival of Manuel Antonio Noriega in U.S. territory, namely in the Florida Peninsula, was surrounded by tight security measures and the press did not have access to the arrival point, a military base located some 50 km from downtown Miami.

At 2050 last night the former chief of the Panama Defense Forces, Manuel Antonio Noriega, voluntarily turned himself in to the U.S. troops that have surrounded the Apostolic Nunciature here since practically a few minutes after Noriega entered this building on 24 December.

I am using the word voluntarily because this is the word that is being used—that is, that Noriega was not forcibly taken out of there—but we should analyze this word voluntarily to determine if it is the right word or not, because one must take into account the various forms of pressure exerted against Noriega to surrender. We have to see if the word voluntarily is the accurate, or the appropriate, word.

As you know, negotiations have been under way for several days for Noriega's surrender. The terms of the agreement for Noriega's surrender are really not known. Early this week it was said the agreement may be based on a commitment by the United States not to sentence Noriega to death, in addition to assuring him a just, fair trial. I believe the latter is more likely than the former, because the fair trial condition could have been maintained in the final stages of the negotiations.

Noriega surrendered to U.S. military officials and was taken to a helicopter at a soccer field of a nearby school, the San Agustin School, where the Americans had prepared a heliport. From there, Noriega was taken aboard a UH-60 helicopter to Howard Air Base. It has been reported that he rested there 30 minutes and, later, he was flown aboard a large U.S. plane, a C-130, to the United States. Flying time to the United States was approximately 6 hours.

Noriega's surrender to the U.S. troops will have to be analyzed crudely and realistically, Daniel [Torres, host

of "Hot Off the Press" section of "Revista de la Manana" program]. Thus, a page has been turned over here in this isthmian nation and history will have to analyze it crudely and realistically.

As you know, the siege around the nunciature had intensified in recent hours. There was even a large demonstration attended by thousands of people. According to some estimates there were either 40,000; 80,000; or 90,000 people. We certainly do not have specific figures concerning the number of demonstrators, but it was undoubtedly a large demonstration. We must also take into account that many people are still reluctant to take to the streets, let alone attend a demonstration, because the city has been militarily taken by the American troops. The fact is that a rather large demonstration was staged on Balboa Avenue yesterday afternoon. Through the speakers and through placards and slogans, the demonstrators asked Noriega to surrender to U.S. justice.

Noriega's Relatives Leave for Santo Domingo

FL0401122590 Mexico City NOTIMEX in Spanish 0511 GMT 4 Jan 90

[Text] Panama City, 3 Jan (NOTIMEX)—Diplomatic sources have reported that General Manuel Antonio Noriega's relatives, who sought refuge in Cuba, left tonight for Santo Domingo.

Up to now, the following were at the diplomatic mission: Sandra Noriega, 24, daughter of the general; her husband Juan Rene Beauchamps, son of the former chief of the Dominican Armed Forces; their 5-month-old son; and two other children of Noriega.

There were also Felicidad Sieiro, wife of the general; his daughters Thais and Lorena Noriega; and around 15 more people who sought asylum in the Cuban Embassy.

The relatives of Noriega—who has turned himself in to the U.S. forces in Panama—sought refuge in the Cuban Embassy in Panama on 20 December when U.S. military forces invaded this nation with Noriega's capture as one of their goals.

Citizens to Return From Panama

FL0401185590 Havana Tele-Rebelde Network in Spanish 1826 GMT 4 Jan 90

[Text] None of the Panamanian refugees at the Cuban diplomatic installations will travel to our country today. The corresponding safe-conduct passes enabling these refugees to leave the country have not been issued so far. Therefore, what was talked about yesterday as a possibility is today a reality. I repeat, Panamanian refugees at the Cuban diplomatic installations will not travel to the Caribbean island today because they still do not have the essential safe-conduct passes.

Nevertheless, 20 children and 22 women will return to the fatherland this afternoon. They are relatives of Cuban officials in Panama, all Cubans, as well as 22 men, also Cuban nationals, who are officials and personnel in transit who were caught here, in the isthmian nation, by the U.S. invasion.

By the way, one of the passengers of that flight, Comrade Victor Fernandez, a Cuban diplomatic official in this embassy, was detained by U.S. troops at the door of the Cuban ambassador's residence approximately 1 and ½ hours ago. He had not been released at the time this information was being written, almost 1230 in the afternoon. Comrade Victor Fernandez was leaving the residence on his way to Cubana Airlines to arrange his departure on this afternoon's flight.

[At the end of the newscast, the announcer adds: "A few moments ago we learned that Comrade Victor Fernandez was released by U.S. forces illegally occupying Panama and violating diplomatic immunity."]

Rodriguez Welcomes Citizens Back

FL0501023090 Havana Radio Reloj Network in Spanish 0222 GMT 5 Jan 90

[Text] Radio Reloj reporting! Radio Reloj reporting! The Cubana de Aviacion airplane has just arrived in Havana. The plane brought back to the fatherland 20 children and an equal number of women—all relatives of the Cuban diplomats in Panama—as well as 20 officials from several Cuban organizations who were in transit in Panama. The passengers were received by Carlos Rafael Rodriguez and Jorge Risquet, members of the Politburo of the Communist Party of Cuba.

Brazil Daily on New Panama Government Drug Ties

FL0401201090 Havana Radio Rebelde Network in Spanish 1800 GMT 4 Jan 90

[Text] The Brazilian newspaper JORNAL DO BRASIL has noted the links existing between the current U.S.-imposed isthmian rulers and the drug trade.

JORNAL DO BRASIL reports that Panamanian President Guillermo Endara was for 25 years the attorney and partner of an isthmian tycoon who is now in a U.S. prison on charges of selling 600 kg of cocaine on the U.S. market.

For his part, Christian Democratic Vice President Ricardo Arias has a brother who is a banker linked to the First Inter Americas Bank, which is owned by Ricardo Rodriguez, who was arrested in 1985 on charges of transferring $85 million of cocaine money to the Panamanian Cafetero Bank.

Guillermo Ford, the other isthmian vice president, is linked with cocaine money laundering operations of the Medellin group conducted through the Miami-based Dadeland National Bank.

According to JORNAL DO BRASIL, the background of the Endara-Arias-Ford mafia group installed in the Government of Panama following the U.S. military invasion of the isthmian nation, shows that the objective of the invasion was not to capture and to extradite General Manuel Antonio Noriega to the United States for his alleged involvement in the drug trade, but to violate the 1977 Torrijos-Carter canal treaties, which provide for the transfer to the Panamanians of the interocean waterway and the dismantling of the Pentagon military bases in the canal zone beginning in the year 2000.

In this regard, U.S. Defense Secretary Dick Cheney stated today that the United States will continue to comply with its duty of defending the Panama Canal. He added that the United States will continue to have a significant military presence in Panama, even after the future withdrawal of the invading forces from the isthmian nation.

Commentary Sees U.S. Jeopardizing Drug War

FL0401165890 Havana Radio Rebelde Network in Spanish 1142 GMT 4 Jan 90

["Our Opinion" commentary read by Rafael Berastegui during the "Haciendo Radio" program]

[Text] The blow dealt to the Latin American conscience by the U.S. intervention in Panama is about to deflate the optimistic hopes for a joint struggle against the drug trade. Even George Bush's 15 February meeting in Cartagena de Indias, Colombia, with the presidents of Bolivia, Peru, and Colombia—the leading producers of coca leaves—is in jeopardy. Peruvian Chief Executive Alan Garcia made it known that he will not attend the meeting in protest of the Panama invasion. Bolivian President Jaime Paz Zamora is being questioned by the Bolivian Supreme Court on the extradition to the United States of former Colonel Luis Arce Gomez. The court regards Paz Zamora's decision on this matter as undue exercise of jurisdictional powers and an attack on the judicial branch. Bolivian Chief Justice Edgar Oblitas charged that the extradition of Arce Gomez, who was a notorious drug trafficker, an executioner, and a plotter, has prevented the authorities from clearing up several recent events in Bolivian history, which thus remain just partially understood.

For its part, Colombia reacted with surprise and indignation to reports that the United States plans to establish airspace and naval patrols within Colombian jurisdiction without consulting with Bogota. The White House in Washington stated later that the patrols will take place over international waters and that they will entail concerted actions. It is known, however, that an eventual blockade of the Colombian coast is part of a package of special measures coordinated by U.S. Defense Secretary Dick Cheney.

The Colombian police, who have been credited with seizing 80 percent of the total annual amount of cocaine seized worldwide, have in recent weeks dealt severe blows to the Medellin Cartel drug lords. The punitive U.S. action would in practice entail that the United States does not recognize these achievements and would create an embarrassing situation for President Virgilio Barco in a year when Colombians will elect a new president, members of Congress, mayors, departmental deputies, and councilmen.

The claim that the action is intended to more effectively prevent the drug trade is highly suspicious, taking into account that it will not be matched by equivalent stiff measures in the country holding the world record in drug consumption and that U.S. troops are currently occupying Colombia's neighboring country, Panama.

Where does the U.S. desire to chase criminals, end and where does its imperialist desire to limit Latin American sovereignty and to decide the fate of our peoples start? The Panamanian case is an example. It is not not only legitimate but necessary for us to be distrustful.

Nation's UN Security Council Membership Begins

FL0401211890 Havana Radio Reloj Network in Spanish 2005 GMT 4 Jan 90

[Text] Our country has become a member of the UN Security Council at a time of difficult international relations, marked by the Yankee military intervention and the persistence of several pockets of tension throughout the world.

The veto power that is held by the five permanent members of that important UN body makes it difficult to reach a consensus, especially when the United States feels that its interests are threatened.

For the next 2 years, Cuba, the Ivory Coast, the People's Democratic Republic of Yemen, Romania, and Zaire will be nonpermanent members of the UN Security Council, which is comprised of the United States, Great Britain, USSR, China, France, and others.

Last year, the Security Council focused its attention on the Middle East crisis, Namibia's independence, and the situation in Central America—which culminated in the Yankee invasion of Panama.

Raul Castro Attends Ceremony for Soviet Adviser

FL0501020790 Havana Television Service in Spanish 0100 GMT 5 Jan 90

[Text] Presided over by Army General Raul Castro, second secretary of the Communist Party of Cuba and minister of the Revolutionary Armed Forces, FAR, a military ceremony and political act was held this afternoon at the General Maximo Gomez FAR Academy on the occasion of the departure of Colonel General Aleksey Nikolayevich Zaytsev, principal military adviser of the FAR. [Video shows display that says: "Our eternal appreciation to the great fatherland of Lenin, Raul"]

The Council of State agreed to present Col General Zaytsev with the Che Guevara Order, First Class, and the Internationalist Combatant Medal, First Class. [Video shows Raul Castro pinning medal on Zaytsev's chest] He also received several presents from the hands of FAR combatants. [Video shows unidentified man in khaki uniform presenting Zaytsev with a painting]

The farewell remarks were made by Division General Ulises Rosales del Toro, first vice minister of the FAR and chief of the General Staff.

[Begin recording] [Zaytsev, in Russian with simultaneous Spanish translation] I express my certainty that no one can [words indistinct] the will of the Cuban people [words indistinct].

[Rosales del Toro] You leave behind many comrades and friends. You can be certain that you knew Cuban generals, officers, and combatants who, faithful to the principles of Marxist-Leninism, to our rich history, and to the combative tradition of the Cuban people, will always be firm in their combat positions. [end recording]

PRAVDA Notes Electoral Problems in USSR

FL0401213790 Havana Radio Reloj Network in Spanish 2016 GMT 4 Jan 90

[Text] The Soviet newspaper, PRAVDA, today called attention to the problems the electoral process is facing in the Soviet Union. The official organ of the CPSU said in an editorial that special glasses are not needed to see that certain platforms contain a lot of demagogy, falsification, hopeless dreams, and play with the voters' feelings, PRAVDA said. The Soviet newspaper also stressed that the future of perestroyka will hinge on the election results locally and in the republics. The restructuring process will be based on the elections, the newspaper said.

The official organ of the CPSU concludes by saying that perestroyka is a response to the challenge of the times and its principal demand is to accelerate this process in all facets of life.

Havana Notes Events Taking Place in Bulgaria

FL0401172090 Havana Tele-Rebelde Network in Spanish 1200 GMT 4 Jan 90

[Text] The Bulgarian Communist Party has made a call for harmony and national unity in the face of expressions rejecting the recent official decision to restore all constitutional rights to Bulgaria's Moslem population.

In a communique published by the Sofia press, the party's Politburo urges the various groups of the population not to let themselves be provoked, while it stresses that the supreme national duty and the country's interests now demand unity, reconciliation, and harmony among all the citizens.

Parliamentarians from the Bulgarian Communist Party and the People's Agrarian Union began consultations in Sofia with various social organizations recognized in Bulgaria regarding a round table that will be held soon. The talks are taking place at the parliament and focus on procedural matters of the forum, during which essential problems of the national situation and possible ways of solving them will be discussed.

Castro, PCC Leaders on National Food Program

WA0301220190 Havana Cubavision Network in Spanish 0200 GMT 19 Dec 89

["National Food Program, Part I;" first of a series of special programs on meetings held between Cuban President Fidel Castro with Communist Party of Cuba, PCC, leaders held at Havana's Palace of the Revolution on 11, 12, and 13 December; speakers identified by caption—recorded]

[Text] [Castro] How are you going to solve the tuber production matter?

[Raul Michel, first secretary of the PCC in Guantanamo] This year, we should produce 1.7 million quintals of tubers—we are speaking of tubers—200,000 more quintals than last year.

[Castro] How many people live in Guantanamo?

[Michel] Some 484,000.

[Castro] You are going to produce 1.7 million.

[Michel] Yes, what happens is that it is a little...

[Castro, interrupting] what else?

[Michel] No, it's 1,077,000 quintals; 200,000 more quintals than last year.

[Castro] Does this include vegetables?

[Michel] No, we should produce 400,000 quintals of vegetables.

[Castro] Do you receive potatoes from the western part of the country?

[Michel] We should receive 40,000 quintals next year.

[Castro] Forty thousand.

[Michel] We want to produce some ourselves.

[Castro] Can you produce some potatoes?

[Michel] We can produce at least 20 caballerias of seeds and potatoes after we are done with the bulk of the production.

[Castro] Well, 20 caballerias would produce 100,000 quintals; more than the 40,000 you receive.

[Michel] What happens is that...

[Castro, interrupting] How much tubers are you going to produce?

[Michel] Some 1.3 million quintals.

[Castro] And of vegetables? [Michel] Some 700,000. The bulk of it will be harvested in the Caujeri Valley. What happens is that half of it [words indistinct]. [Castro] Part of it, the one for the summer, during the drought season? [Michel] No, in the case of vegetables, I only count half of it. [Castro] How much does that province need to be saturated? Are you counting the vegetables produced by the peasants in the countryside? [Michel] Everything, everything, [repeats] but I say I only count half of it because half of it leaves the province [noise from crowd] in solidary contribution to other areas. [Castro] Yes, but is tuber production increased in the mountains with the Turquino Plan? [Michel] It increases, but regardless of this, we have a program I can explain to you in 3 minutes. You not only provided the reinforcement of the Guantas Contingent, you also provided a brigade we have called precontingent because it is working as a contingent. It is working on the irrigation system. You provided it to us some 40 days ago. It will complete the first 7 caballerias ready for irrigation in December. [Castro] For tubers? [Michel] It will complete 100 per year. This will create an enterprise... [changes thought] this is in recovered areas. We are talking about recovered areas. We are going to 20 caballerias with microjet irrigation systems; 5 caballerias of plantains this year and 15 next year. This can also yield 300,000 quintals. [Castro] How many caballerias of citrus are left in Guantanamo? [Michel] Some 250,000 caballerias of land for citrus. [Castro] Does all of it have irrigation. [Michel] It has irrigation, although some equipment is needed; some equipment needs to be completed. [Castro] How much do they produce per hectare? [Michel] Little, 4.7 tons. [Castro] Why so little?

[Michel] I believe it is so for several reasons. First, those groves were created without the adequate soil study. Despite the fact that we have reduced some and have replaced them with 30 caballerias of mango—they were planted and are already producing in the worse lands, there are still areas that evidently do not have potential. Second, the groves were not planted using organic fertilizer, adequate treatment was not given. During its first stage, it later suffered because of the lack of water. It was irrigated using a pipe and it was deficient. So, they are groves that, although a systematic work is being performed there, the agricultural yields are still low.

[Castro] So [words indistinct].

[Michel, interrupting] I want to say, in the case of tubers ....

[Castro, interrupting] Two hundred, 2,000, 1,500; all it yields is between 10,000 to 15,000 tons of citrus.

[Michel] Yes, we produced 8,000 tons this year. Well, we want to stabilize the production of 2 million and with the growth taking place in other provinces, as I have seen in this meeting, I believe it will be plenty.

In the case of coffee, which is an important program for the province, we already fulfilled the plan, although we are still harvesting coffee this year. We should reach 113,000 gold quintals of coffee—6,000 more quintals than required by the plan and 11,000 more quintals than last year.

[Castro] How much coffee will you be able to produce in 1995?

[Michel] Almost 250,000 quintals.

[Castro] In 1995?

[Michel] The areas we are planting now have a density of 67,000 plants per caballeria. We planted 113 caballerias this year.

[Castro] Yes.

[Michel] This is what was planned. Regarding cacao, we should reach 40,000 quintals this year. This would be the highest figure, at least since I have managed the figures. I do not know if more has been produced before. Regarding the poultry program, this year's plan provided for the building of 40 installations and we should finish the year with 48. We should increase the egg production by 15,000 million for a total of 87 million. We have progressed in a year...

[Castro, interrupting] How many eggs do you eat per capita?

[Michel] Few, 161, 162.

[Castro] Without counting the ones laid by the hens on the hills. [laughter]

[Michel] Without counting the few hens on the hills. We are breeding hens to take to the mountains. Next year, we should build 38 more poultry installations.

Regarding the pig industry, we completed a multiplier [multiplicador] this month. We are building a comprehensive pig processing center, which we should complete in March of next year. We are going to build a pig breeding farm next year. The first stage of a meat processing plant will be built as part of the program. We plan to continue. We produced 1,900 tons of pork. We will produce approximately 2,500 tons of pork meat next year.

[Castro] Lets see what you have Lazo [Juan Esteban Lazo, first secretary of the PCC in Santiago de Cuba Province].

[Lazo] At this time, the province's economic plan is at 98.6 and has grown 5.2. This growth is based mainly on these prioritized programs. One of the most important ones among those programs is the pig program.

[Castro] How much pork meat did you produce when the program started?

[Lazo] Some 3,000 tons.

[Castro] Less than Isle of Youth.

[Lazo] Some 3,000 tons.

[Castro] How much were you able to produce at the end of the program?.

[Lazo] How much?

[Castro] Yes.

[Lazo] Forty thousand. The program is truly going well. We have a contingent there which currently has some 1,800 workers and...

[Castro, interrupting] How many are working at the pig raising farm?

[Lazo] Some 1,800 workers. It is a very good contingent. The programs we had planned for this year will be overfulfilled. We finished two; we completed one and are going to finish another one in December. The contingent is going to complete four comprehensive pig processing centers and it is working on three more. Besides that, a complete comprehensive pig processing center was finished not by a contingent, but a brigade of communists workers we have in the agricultural area. In Yarayabo, they are actually pig installations but we built it in the same way as a comprehensive pig processing center with all the required areas.

Next year, we are planning to complete five and, consequently, complete by 1992 the construction program we have which includes 12 centers built by the Construction Ministry, and 5 which should be completed through the Agriculture Ministry.

[Castro] How many [words indistinct] guaranteed?

[Lazo] Twenty-eight thousand. [not further specified] This means that all the centers we have completed at this time have sows. We cannot expect a leap in production next year, but the program we have calls for 8,500 tons of pork meat next year. The increase is considerable in 1991. All these pigs we are placing now are going to produce in 1991. This is when we calculate that we are going to be between 14,000 and 15,000 tons of pork meat. Large steps begin to be taken from there on.

In this pig program, we are also working on what was talked about here using torula yeast as part of animal feed. We believe [words indistinct] that it will begin operating, not at the end of the year, but during the first days of January. The torula yeast plant will not begin operating later than 10 January.

[Castro] The one at Mella?

[Lazo] The one at Mella.

[Castro] How much was invested there, $1 million?

[Lazo] Yes, $1 million.

[Castro] Which is what was needed.

[Lazo] Which is what was needed there.

[Castro] It is complete now?

[Lazo] It is complete.

[Castro] The other plant has been paralyzed for 10 years?

[Lazo] Yes, it has been paralyzed for 10 years. We are also working on a plant for liquid animal feed because we feel that the main feed, apart from sacharina, should be liquid animal feed. Thus, we must expedite those projects that are in their final stage here in Havana in order to next year build two plants for producing liquid animal feed to cope with this problem. Well, in line with the integral nature of this program, we will have to complete the basic structure of the meat processing plant during the first quarter of next year to set up the special ham line; and we will urgently have to start to build another factory, which will be in Palma, and above all, a meatpacking plant. At present, we already have the meatpacking project, and we believe that in January we could start by removing earth at the construction site, that is, in an effort to make this an integrated program.

Then, we have our poultry program, which is going quite well. This year we will be completing the 48 poultry facilities planned for this area, and we completed ahead of schedule 50 percent of the mechanized poultry facility. You asked me if we in the eastern region would be able to operate it, and I want to tell you that this equipment has saved us in the past 6 months because it has been producing 140,000 eggs daily in Santiago. As a result, we now already have three egg laying facilities completed plus the incubator, in addition to the 48... [Castro, interrupting] The poultry facilities now operating are yielding nearly 300,000 eggs daily.... [Lazo] Yes, nearly 300,000 daily. [Castro] Who ise going to eat those eggs? [Lazo] The people of Santiago and .... [Castro] I hope they are not planning to eat the 40,000 tons of pork too. [Lazo] No, let me explain that. [Castro] You are going to need molasses from.... [Lazo] Of course. Besides, I tell the people that, for instance, if the Guantanamo program is delayed a bit—and as we said earlier—Guantanamo will have to continue to help us by sending vegetables to Santiago, we will also have to send a little pork to them. Thus, this plan is going well this year. We expect to produce 180 million eggs this year. Next year, we plan to produce 238 million eggs; and by 1992, we should be producing 300 million eggs. We only have a problem, that is, the parts for the three poultry facilities that are yet to be built have not arrived. Well, if they do not arrive, we will just build makeshift facilities because the program must not stop. We also have another important program, that is, our sheep program. We already have 130,000 sheep, 70,000 female sheep. We expect to have 200,000 female sheep, and thus provide another option to improve our diet. We are also

working with turkeys, geese, and rabbits. In other words, we are working on various fronts of our food program.

Regarding our vegetables and tubers program, which is one of our major programs under way—especially after the decisions you made during your visit to mark the 35th anniversary—we should say that by the end of this year we will have nearly 400,000 caballerias of irrigated crops. We wanted to produce more, but we have had some problems with the tubers. We have already sowed 12 caballerias of crops with the microjet irrigation system. We plan to have 20 caballerias of crops under this system this year. Our main objective is to sow 30 caballerias of plantains under the microjet irrigation system before 15 January. This year alone, we expect to produce 1.1 million quintals of vegetables and tubers. Last year we had a similar production, but we had more vegetables. This year, however, our production of tubers increased by 10 percent in relation to that of last year. Our production in 1987 reached only 600,000 quintals. Next year, we are planning to produce 1.6 million quintals. By 1991, we should break the 2 million mark.

Yet, we cannot produce potatoes, even though we can produce garlic, onion, and other products. We are aware that we still cannot produce potatoes. We were requested to sow yam; we started to collect seeds and this year we were able to sow 80 caballerias of yam in the mountain, in La Gran Piedra as well as in other areas. The bulk of the crop is in La Gran Piedra. The seeds we collected will enable us to annually produce nearly 120 caballerias of yam. I was telling you that our production of vegetables slightly declined this year because we had difficulties at first with our hydroponics. We have already sowed 36 hectares and completed 50 hectares with hydroponics, especially in Santiago, Palma, and Contramaestre, where we have the bulk of....

[Castro, interrupting] When are you going to start to use zeolite?

[Lazo] We are also testing it in one project, but it is very difficult for us to use zeolite because our zeolite has not yet been tested. The ones we are experimenting with came from Villa Clara. This is why we are still not using zeolite. Next year, we are planning to work in 50 additional units.

[Alfredo Jordan Morales, first secretary of the PCC in Las Tunas] Of the 1,008,000 quintals our province expected to produce this year, we will be able to produce only 615,000 quintals of tubers.

[Castro] What do people eat in Las Tunas?

[Jordan] Well, as an average we are delivering 8 pounds of tubers. The factor that clearly affected us was the drought.

[Castro] Yes, the drought is a problem. Last year, when we visited your area; yes, it was last year, we set up a brigade, we organized the construction of a canal at full speed. This was going to supply water to the Jesus Menendez, it was going to supply water to a vegetable and tuber program, but there was really no rain.

[Jordan] It did not rain.

[Castro] This, in addition to the misfortune that there was a delay there in removing the houses in the area intended for the Juan Saez dam. We have had bad luck with the rain.

[Jordan] Thus far we have sowed 1,032 caballerias. As you know, Las Tunas Province has eight enterprises working in tubers. We have 56 caballerias of municipal gardens. As you told us on 28 November, we will already have 30 caballerias surrounding the city of Las Tunas planted with vegetables by 31 December.

Of the 1,032 caballerias of tubers, 522 caballerias are earmarked for plantains. Really, we are dealing with the problem with the little water we have. [Castro] With some water on the plantain, how many quintals do you get? [Jordan] We are getting approximately 2,000 quintals of plantains. [Castro] You get 2,000 quintals out of 500 caballerias. So, what happens when there is a hurricane? That happens often. One [as heard] million quintals. [Jordan] Commander, the other thing we are doing is increasing the production of cassava. This is within the variety of tubers we produce. We are planting cassava with pipes [as heard]. We have already planted 15 caballerias of cassava with pipes, especially in the Vasquez and Beguitas area in Tunas. We are at least going to face the situation at least until we get some rain. We are also... [Castro, interrupting] How much will you produce for next year? [Jordan] Commander, next year we plan to produce 1,171,000 quintals. [Castro] What if the drought continues? [Jordan] Well, Commander, if the drought continues, if it doesn't rain, the situation will be difficult. [Castro] Are there any areas for building mini-dams? [Jordan] Yes, the province's plan shows we have a shortage of 126 dams and mini-dams. Out of that shortage, 65 have already been built. [Castro] But if you build mini-dams and it doesn't rain, why do you build them? What good does it do? Where can you build dams? [Jordan] We can build them in the southern area. [Castro] Do you have land to build them? [Jordan] In the southern area? [Castro] Yes. [Jordan] Yes, we have plans to build some of them in the southern area. [Castro] How many mini-dams can you build there? [Jordan] Well, right now I could not tell you exactly. [Castro] How many millions of cubic meters of water? [Jordan] Right now, we have... [Castro, interrupting] No, no. That place is for planting tubers and vegetables. [Jordan] Well, the three main rivers of the province are being used for that territory. [Castro] Out of those dams [that need to be built], which one will be the most useful for growing tubers and vegetables? [Jordan] It is the Tana dam, Commander.

[Castro] Very well, you will immediately begin building the Tana dam. Fine. Now, another thing. You will get 100 caballerias with irrigation, right? Aside from the Tana, which other dam will be most useful to you?

[Jordan] The Fortaleza dam, Commander.

[Castro] Fortaleza, how much land will have to be moved?

[Jordan] Well, Fortaleza is a dam...

[Castro, interrupting] How many cubic meters?

[Jordan] It will hold 60 million cubic meters.

[Castro] Yes?

[Jordan] This dam will be built in the...

[Castro] What will you be able to irrigate with that dam? How many caballerias of tubers will you be able to irrigate?

[Jordan] We will be able to irrigate approximately 70 caballerias because...

[Castro, interrupting] That is all?

[Jordan, continues] This is because this dam will be used especially for sugarcane.

[Castro] Yes? Sugarcane for whom?

[Jordan] For the Tunas Dos sugar mill.

[Castro] For the Tunas Dos, right?

[Jordan] That amounts to 1,500 caballerias of sugarcane that....

[Castro] Right. Couldn't you earmark 200 caballerias for production of tubers and alot at least 250 caballerias for irrigated tuber crops, and thus you reduce the sugarcane fields by 250 caballerias. And you should seek higher yieldings from the farmers by applying agricultural technology. I want both sugarcane and sugar because we need it. If we can double the yieldings of the sugarcane fields, why should we cut down on the food for our people? I am told that there is farmland for Tunas Dos. Let us set aside only 1,300 caballerias for it or let us look for another area, or take some land away from the Amancio Rodriguez sugar mill. You must try to obtain high yieldings per hectare and make sure that food is readily available for the people there, because with what you are telling me, food supply is not guaranteed. With 500 caballerias of plantain, with the other crops, you should set aside 350 caballerias and we can get moving quickly. You can prepare the land there, you can clear it. You sow plantain in the south [Castro knocks on the table] and you can get higher yielding....

[Jordan] Yes of course. [Castro, continues] Because there is a better irrigation system [corrects himself] the rainfall is better in the south. You are in fact producing one quintal per person, and you should be producing at least 3 and ½ quintal per person. We cannot go on this way. If we have a drought next year again, our production will be again limited to 600,000 quintals. I believe you should produce [changes thought] how much did you say you were going to produce, 1 million and what? [Jordan] Next year, 1,171,000 quintals. [Castro] What is Las Tunas' population? [Jordan] 486,000. [Castro] Well, that is not very small. [Jordan] That is for next year, but well.... [Castro, interrupting] If you have a surplus, send it to Holguin. Then, [words indistinct] solutions again. [Jordan] Regarding food, I mean the livestock program, we have just completed the first UFA [Agricultural and Livestock Functional Unit—Unidad Funcional Agropecuaria] in 11 months. It consists of 33 [corrects himself] 13 cow processing facilities: Seven for 285 cows each, and the others for 120 cows each. At present we have there approximately 4,500 cows. We should mention that the facilities were being used as soon as they were completed. Each cow is producing an average of 10 liters per day. [Castro] What type of grass are you sowing there? [Jordan] Well, we are using the guinea grass; we also have the star grass and the pangola grass. [Castro] Which grass is most resistant to drought in that area? [Jordan] The guinea grass, Commander. [Castro] The guinea grass? [Jordan] The guinea grass, even though the star grass is emerging as a promising prospect at this time. [Castro] It is said that it is more resistant to drought than the guinea grass, but well... [Jordan] At present, it indeed stays much greener than.... [Castro, interrupting] Have you taken into account the fact that there is not enough rainfall in your area when you picked the type of grass to use? [Jordan] Yes, of course. [Castro] Does that area get any water? [Jordan] Well, there we are building a [canal] for the Gramal dam which will be approximately 12 km long. In the future, it will be possible to use it for irrigating the areas for fodder. We have approximately 12 caballerias earmarked for fodder in that area.

[Jordan] According to our cattle program, we are scheduled to complete 273 cattle processing centers which include the 26 UFA's which are being built in the province.

[Castro, interrupting] Are they all new, or are they partially old breeding centers you had before?

[Jordan] No. Five UFA's had old breeding centers, those are located in the area of...

[Castro, interrupting] Almost all are new?

[Jordan] Yes, almost all are new. There are 26, and 5 have old...

[Castro, interrupting] How many breeding centers will you build next year?

[Jordan] Well, Commander, we want to build two UFA's which equals 26 breeding centers. However, the plan only stipulates one UFA. We would like to build two.

[Castro] Who made up the plan?

[Jordan] The directive [word indistinct]

[Castro] Well, the directive [word indistinct] is sabotaging everything we want to do. I will ask you something: What prevents you from building the two UFA's?

[Jordan] Well, right now...

[Castro, interrupting] You have the men, machinery, and cranes. Why does the plan limit you? I would understand if the plan stipulated that it limits something else, like a hospital, because it doesn't have the resources to buy something or other. However, I do not understand why the plan prohibits you from building two UFA's instead of one. The plan becomes a straight-jacket. I would say that the six cattle areas, beginning with Camaguey which is the largest, and followed by the ones in Las Tunas, Bayamo, Ciego de Avila, Sancti Spiritus, and Pinar del Rio, should build as many cattle processing centers as possible. So, where are the resources coming from that we need for those mechanical milking machines?

In 1989, we made a great effort to build 5,000 [word indistinct] and plows. We must not have a shortage of [word indistinct] and plows to prepare the land. I think that some of these things, such as the ones for food production, should not be cut back at all. Our number one priority is to produce food, as well as the production of sugarcane, because sugarcane is food. Sugarcane is sugar and right now the situation is very critical.

[Jordan] Right now, this year for example, we are producing 4,357 tons; we are fulfilling the production plan.

[Castro, interrupting] What are you talking about, eggs? [Jordan] No, I am talking about beef. As for the eggs, out of the 90 million that we were supposed to produce this year, so far we have produced 80 million. We have produced approximately 10 million less. What has basically affected this production has been the quality of the fodder. Commander, we have finished building the 34 poultry facilities that we had planned for this year. We are in a position to build another 149 poultry facilities. [Castro] How many eggs will you produce next year? [Jordan] Next year, 103 million eggs. [Castro] And this year, you produced 90 million? [Jordan] 90 million. [Castro] We plan to produce 700 million more eggs. This is the plan we are implementing now. We plan to produce 3.2 billion eggs annually, instead of 2.5 billion. We plan to reach this new production goal without obtaining additional feed. We plan to produce it by feeding the hens a little zeolite which, although is not very nutritious, helps in the production process and improves the overall health of the hens. We also plan to feed them a bit of sacharina. We can prepare sacharina here up to 10, 12 or 15 percent. Therefore, we plan to increase our egg production by 700 million without requiring additional feed. I want to add something else: We plan to produce 100,000 tons of pork without additional animal feed. We simply plan to pick up leftovers, and to give the hogs a bit of zeolite. We are building a plant to produce zeolite. We also plan to feed the hogs a bit of sacharina, the molasses that will be produced by the torula yeast plants existing in the country—there are 11 plants. It is from the sugarcane that this food for the hogs will be obtained. There is also a new plant that we are now building at full speed at Mella, by investing $1 million in the parts that are needed to complete the plant this year. [Fidel Ramos, first secretary of the PCC in Pinar del Rio Province] As is being done nationwide, we are also placing great emphasis in implementing food programs in our province. This will be a year of higher production in practically every sector, but it will still fall short of satisfying our needs. During this 5-year period, our province produced an average of 2,430,000 quintals annually. This year, our production is on the order of 2,700,000 quintals. Thus, our production this year is among the highest. We plan to produce 3,660,000 quintals in 1990. This means that we will make a significant leap in 1990, but I believe that despite some difficulties we are creating the conditions to make this leap from 1989 to 1990. [Words indistinct] and we expect 20 more for 1990, and by 1991 we expect to complete 50 quintals of plantain. By 1990 or 1991, production of leading tubers such as potatoes and plantain will be on the order of 60 percent. We are stimulating municipal gardens and there are gardens practically everywhere. Students who have been working in the province every year, this year will already have a lot already sown so that they can continue to plant and to consume the items they need for food. Thus, we have been working to try to multiply the production of vegetables. Everyone now accepts the idea of having crops outside the tobacco season. Two years ago, there were still people—including experts themselves—who were skeptical about this. This same practice has already been applied for a few years to other crops such as rice. Our rice production during this 5-year period has averaged 2.2 million quintals per year. This year our production will reach 2.4 million quintals. According to our plan, we expect our rice production to be on the order of 3 million quintals in 1990. Had it not been for some obstacles regarding spare parts, we could have produced a little more rice this year. Yes. [Castro] When do you think that you will reach 3 million?

[Ramos] Next year we're hoping for an answer regarding the 1,000 hectares, as well as for the rice [de frio], as we will be utilizing over 150 this year. [Castro] Three million in 1990? [Ramos] Yes. [Castro] So in 1990 you will be producing as much rice as Sancti Spiritus? [Ramos] Yes, that was our objective for 1989, but this was not possible. I informed you that, more or less, we were losing 300,000 quintals because of problems related to replacement parts in the plants. The rice has to be harvested at a humidity level of 25 or 24 percent, but instead was harvested under 20 percent because we didn't reach all of the rice fields. In addition to the lack of fertilizers being used in 1989, we were unable to reach 400 caballerias with fertilizers. And naturally this has an impact. Also, a water shortage affected us during the months of May and June. I believe that the province is now in good shape although the "small figure" of 3 million is not yet in effect for us to be able to speak of 3 million in 1990. So, we will be getting an answer from the one thousand hectares and the work in the rest of the rice fields. We also hope next year, although we won't have the answer in 1990, that we will be able to verify if

in practice the two brigades can work on 1,000 hectares a piece. As you know, this is what we propose. If it starts in the first days of January, it should yield some hectares for 1990. This year it will produce 50 million—a record figure—and in 1990, 53 million. The brigade which you designated has just started working, it has been registered. The brigade is complete and is working on three dairies.

[Castro] How many?

[Ramos] On three. The first one should be able to start production in January because the grazing fields have been planted, and part of the infrastructure is complete. In August of next year, this brigade will have 20 dairies, as well as the various cattle installations which number 30, and 160 housing units now under construction at the south of the Pinar del Rio Province. This program, which numbers 155 dairies, constitutes for the province a little over 110 million liters of milk, thereby duplicating current production. In terms of the poultry and pig raising programs, these programs are ahead of schedule and, furthermore, the production rate for this year is what we had envisaged for 1990. Over the last few years, we have averaged 256.7 million eggs and this year are close to 300 million, and next year 310 million. The proposed facilities were completed. In terms of meat, on average 12,800 tons were produced during the 5-year plan. This year we will be producing 14,000 tons, and next year 15,300 tons. The poultry program is moving along smoothly. The pig raising program averaged out to 8,600 tons during the 5 year plan. This year 9,500 tons will be produced, 400 more than last year, and 10,800 in 1990. They were supposed to build 18 facilities. They already finished them and are still working. This program is up to the standards which you established.

Another agricultural program which is growing, although its potential is lower, is the citrus program. For citrus we are reaching record figures but are still at 5.5 tons per hectare. Of course, last year we were at 3.5 tons per hectare. It has practically grown at the rate of one ton per annum. We have been working on the irrigation system in order to extract at least a minimum from citrus trees—which is 9 tons—while moving forward to achieve their full potential. This year we will reach 68,300 hectares and next year we'll have 83,000, as opposed to 51,000 in the last 3 years. In terms of fruit trees, which don't represent a high priority activity because they don't yield a lot, 21,000 tons will be produced. And we foresee the same figure, around 900, next year as opposed to the average of 15,000. We are working on expanding fruit trees, especially certain fruits, with the new forestry exploitation plan. Twenty percent of what is being planted is made up of fruit trees. Thus, of the 40 million plants now being planted, 20 percent are fruit trees. Hence, in the future, there will be a good number of fruit trees in the province and in the country. This is the agricultural-livestock program [word indistinct].

[Castro] You forgot one important little factory...if not for Pinar del Rio...

[Ramos] Precooked food?

[Castro] ...then at least for Havana. Yes, you overlooked the precooked food program.

[Ramos] Ah...well, I overlooked precooked food and I still need to talk about the materials industry which is important.

[Castro] Oh yes...the materials industry is the other one.

[Ramos] Yes...well.

[Castro] In the precooked food area you are behind, which is not so much your fault, as it is the fault of the food industry and CIME [Metallurgical Research Center]. For different reasons, that factory should have been completed. It still hasn't been finished. When will it be completed?

[Ramos] It is already running.

[Castro] And the [word indistinct]?

[Ramos] It is already running. Now, Commander, you were out there to see it and could not criticize [word indistinct]. That was in October of 1988.

[Castro] Yes.

[Ramos] From that date, until the present, practically every week and sometimes...

[Castro] But there was no factory.

[Ramos] Yes, yes, but this is so that everyone realizes [repeats] so that everyone realizes....

[Castro] It took more than a year to complete the factory. It was supposed to be completed in the first trimester of 1989. And now we're in December 1989, and now it is running.

[Ramos] Well, I think that if anything needs to be rectified among all of the things which need to be rectified—and I believe that there are a number of things which are being rectified and that a good job is being done—it would have to do with the difficulty of getting things done. Because meetings have been going on, with Roca and Lage participating, a whole group of ministers and vice-ministers, directors, and so...it is a tragedy, a tragedy to get something moving like an invention [as heard]. I think that if there is something for us to think about, it should be with ways in which we can better manage things. And whether or not things are feasible, because this is a project which, as you pointed out during your trip, seemed a sure thing in terms of its monetary value. However, if parts are made somewhere else, when will the sledge bring them? [as heard] Then, when they come, what if they aren't painted, what if they come assembled but haven't been assembled right? And then, once something is in place but has been put in the wrong

way, then it has to be straightened out. [Castro] It was decided that, unlike with the first plant, different components of the plant would be brought here. And because of this, because for one reason or another, materials were lacking, it took a very long time to complete the precooked rice plant. According to the calculations we made concerning the time when the plant would be standing, we estimated that each one of those baselines produces 1,000 more tons of rice because when you precook rice you obtain a higher yield. And instead of getting 6,000 tons for each 10,000, you can get 7,000 tons of consumer rice for each 10,000. That is important. We hope that it is now working. [Hondal] In agriculture, we have been working and have surpassed the sowing plan in terms of vegetables and tubers in the province in all areas. The largest growth rate has been for bananas. We are going to begin expanding next year with more than 70 caballerias. The expansion has taken place with high tech irrigation without any hitches [words indistinct]. In terms of the production plan, the province produced around 3.2 million quintals for both vegetables and tubers. And, at this time, we have produced 1,934,000 quintals of tubers, and 690,000 quintals of vegetables. [Castro] What is your plan for next year? [Hondal] By next year, we should expand by about 400,000 quintals. [Castro] You want to reach what, 3.2? [Hondal] Three point two. We should expand [changes thought] and possibly more, Commander, since this will depend on what the bananas yield. We're not accustomed to the [word indistinct] where we placed them. But the bananas are in optimal conditions. [Castro] How many bananas [repeats] how many bananas or tubers are you exporting? [Hondal] Over 1 million quintals. [Castro] To other provinces? [Hondal] To other provinces. In addition we wanted to tell you, according to the plan which you drew up for the development of our province, that we have already studied the entire area beginning with the Magistral Canal of the Zarza and we should reach 9,300,000 quintals of foodstuff, of which more than 8 million will be bananas. Also, we should grow up to 1.5 million quintals of vegetables. [Castro] Why are bananas so highly priced? [Hondal] Well, it is precisely because we have had to grow a portion of these bananas which are needed for the country, and the rest is....

[Castro] This is true, but it seems to be quite a substantial increase for bananas. Doesn't it appear that way? Carlos, what can we say about this? I say this because what if a hurricane passed through there....

[Hondal] It is scattered over the province. We have made...

[Castro] Yes, but hurricanes pass like that over the province and the province isn't very big.

[Hondal] Commander, the problem....

[Castro] [interrupting] In terms of this plan concerning about 8 million quintals of bananas.

[Hondal] Well, we hope to reach that amount. Bananas [word indistinct] and we should have more than 100 caballerias. There are other ventures which we are undertaking which you are aware of and which are being developed. Bananas will give us a guarantee of stability when it comes to the population's dietary needs.

[Castro] A hurricane passing through can destabilize everything.

[Hondal] True, but based on the quantity of bananas...

[Castro] Then just in one province?

[Hondal] No, but you see, this province should help to supply Havana City and Santiago de Cuba because it is in the center of the country. So this one has good soil and we have to take advantage of good soil. Based on the banana massing technology, we should have more security and greater guarantees against those high winds which come through—which is what happened this year.

[Castro] We must control those high winds. But we have no means of controlling hurricanes. I don't think that even if they were to tie...

[Hondal] No, with hurricanes we don't know what to do.

[Castro] They sweep away a very high percentage. In terms of banana productivity, for people to obtain bananas, I think that much less is needed than for potatoes.

[Hondal] In terms of the production phase, it is much less. In terms of the development stage, the same amount is required.

[Castro] Could that be analyzed? Because bananas are being developed throughout all of the provinces. It is better throughout all of the provinces because there are greater guarantees against hurricanes, except for the one that came from over there to here. What was its name? [words indistinct]

[Hondal] We are developing it, Commander, in all of the provinces. The thing is that Ciego de Avila Province is essential for the supply of Santiago de Cuba and Havana.

[Castro] It is true that they can consume a lot of bananas. That's the one thing that worries me.

[Hondal] Commander....

[Castro, interrupting] But it is true that a hurricane around there can cause a lot of damage.

[Hondal] We can analyze it. I think it can be analyzed [words indistinct]. Bananas can be found in the north and in the south. We have placed them there specifically and have even divided tubers and fruit in this manner as a means of protecting them.

[Castro] The 9 million? What year would they be for?

[Hondal] Well, we are planing for when we finish the canal in 1996. In terms of the poultry plan, this year we were supposed to build 30 facilities and we completed all 30 of them. This year we are going to produce 76 million

eggs and we will be increasing that. And, we are working on achieving 100 million which is what we have planned.

[Castro] When?

[Hondal] For 1992 as planned. And from 3,200 tons of meat, we are now working on expanding that in order to reach 10,000 tons which we had planned.

[Castro] For poultry?

[Hondal] For poultry. In terms of pig raising, up to now we had been producing [changes thought] we had a plan this year of 4.6 with an emphasis on growth. This year we are going to reach 4,700 and are going to go beyond the plan. Also, we have to reach the first stage of 10,500 tons. We were thinking of and hoping to achieve half a million sheep in the province and neighboring areas. We also finished banana pulp.

[Castro] Banana fruit?

[Hondal] Banana fruit. And we're also experimenting with... [Roca] ...to see if plantain works.

[Castro] Plantain?

[Hondal] Yes.

[Castro] But how would you eat it? As powdered food?

[Hondal] No, as a preserve, in ice cream, in anything you like. And I would like to mention a plan of yours which I had forgotten, which is pineapple.

[Castro] Excuse me?

[Hondal] Pineapple.

[Castro] Yes.

[Hondal] We planted all of the pineapple that we needed to plant for 1 million.

[Castro] I understand that because of the methodology, the plan must be followed, lowered. But we would stop just about anything else before ever stopping the flow of food to the people. So anything that promotes food [changes thought] for instance if someone says, we can't create a dairy because we don't have the bulldozers because we would have to spend too much foreign exchange, that's another thing. But while we have the levelers, the bulldozers, the trucks, the cranes, all of that...the limiting factor is oil. And when oil runs out, then we'll see what we'll stop. And the last thing we are going to stop are the food production programs. That would be the last thing that we would end. Is that clear?

[Broadcaster] The Cuban Television Information Service and the FAR [Revolutionary Armed Forces] Television Studios have transmitted to you fragments of a 3-day PCC meeting held by the Commander in Chief Fidel Castro, first secretary of the Central Committee, along with top representatives of the party and the state in the provinces, as well as other national leaders. This first synthesis, which covered the nation's food program, does not conclude today, but will be followed by part two tomorrow.

Second Part of Food Plan Program

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["National Food Program, Part II," second of a series of special programs on meetings held between Cuban President Fidel Castro with Communist Party of Cuba, PCC, leaders held at Havana's Palace of the Revolution on 11, 12, and 13 December; speakers identified by caption—recorded]

[Text] [Castro] Let's look at another province. [Francisco Garcia Ferrer, first secretary of the PCC in Holguin Province] Holguin. [Castro] Well, it's Holguin's turn. What's new in that place?

[Garcia] In the first place, in Holguin 68 or 70 percent of vegetable production is in the hands of peasants and cooperativists. The state [changes thought] that is, we have there an element, and that percentage is one that lacks irrigation, thus this part of the countryside is without irrigation. The storage system, the storage organization must be improved and made more efficient, because in my opinion this is having an influence. Because the cooperatives are [changes thought] now we have been meeting each month for 3 months with the 66 chairmen of the vegetable CPA [Agricultural-Livestock Cooperatives] to ensure that the state can maintain all conditions so they can produce. And we have seen a number of things. And with individual peasants and the credit and service cooperatives, it's the same: We must control and organize them, so they can produce, because they are widely dispersed. At present we have 50 caballerias of bananas planted. We are stimulating.... [Castro, interrupting] With or without water? [Garcia] With water. The water is.... [Castro, interrupting] Where is the water brought from? Biran dam? [Garcia] Biran, exactly. Thus water is guaranteed for the caballerias. [Castro] And it's good banana soil. [Garcia] Good soil. We are struggling to have by the middle of next year the 88 caballerias irrigated. [Castro] Bananas? [Garcia] Bananas and plantains. [Castro] And plantains as well. [Garcia] So this is a specific goal, this can produce a measurable amount of vegetables. We are working at top speed there to try to consolidate that. We have San Andres. In San Andres we have 90 caballerias which we can irrigate. [Castro] I think in Holguin we have to do special things, because it's the most critical situation in the country. One million inhabitants and fewer possibilities to get water, fewer possibilities to get vegetables. [Orlando Lugo Fonte, National Association of Small Farmers president] You can imagine, Commander, that in 1986, when there was a little rain in Holguin, the peasant and cooperative sector produced 921,000 quintals of bananas. [Castro] Yes. [Lugo] And in 1987 and 1988, we dropped to 258,000 and 471,000 respectively. [Castro] That was total drought. [Unidentified speaker]

If we had water in the cooperatives in small minidams.... [Castro, interrupting] What happens is the following and it's happened to me more than once, Adolfo. I give equipment for minidams and they start to build dams with minidam equipment. [Unidentified speaker] Well... [Castro, interrupting] So it it takes 3 years to build a dam. And another 3 years for an irrigation system, while the minidams are supposed to be made in 3 months and so have the water. I would be willing to look for the effort, but I have a question: What can the state do to improve the situation, independently of these big strategic plans which last 5 or 6 years or more? Because now I have to know how long it takes to make the 7 km of tunnels needed to carry the water from the Mayari River to the Biran River. What can be done? What can we do? What should we do? There is a special situation in Holguin. I think Holguin requires special measures—intelligent, practical measures, to resolve this. Not desperate measures, practical measures. Well, gentlemen, we have to create three, four minidam brigades. We have to create 60 reservoirs. You also have to convince me that when they are built, they'll fill up with water. Because if we make dams and the dams don't have water [changes thought] but okay, let's suppose that it rains now and then, every 3 years. What should be done, what must we do in those places? What must the socialist state do, when an entire province finds itself in a situation like that, to produce these kinds of food? Because I'm not talking about milk, don't even dream about that, or rice, don't even dream about it—maybe sugarcane, well, that's something.

We have to finish solving the problem of Holguin by these four ways. The first is, all these lands, as he said, irrigated state vegetable lands, the minidam programs to irrigate all that [sentence as heard]. Three, really there are three. Dams and minidams pertain to production and service-credit cooperatives. Third, new areas with water, if we are going to bring water from out there in Canasta Dam to La Roja, bring water from way out there to here [as heard]. Then, I'd say, maybe as a third measure [as heard], to see what can be done with today's peasants, those who plant garlic, but bringing technology to these places. State lands with water, peasant and cooperative lands with water, there's not enough for new lands with water for important state food and vegetable production plans. Let's solve the problem in Holguin. This doesn't take into account the other measure, which is the strategic one—which water from the mountains to Holguin and Tuna? Lazaro, you have the floor.

[Lazaro Vazquez Garcia, first secretary of the PCC in Camaguey Province] It's the milk-producing basin. Sometimes there's a lot of talk about the milk-producing basin, but there's also all the development of the southern part of the province, even the development of La Gria in the north which includes cattle feeding centers, etc. In relation to milk production, this will be a record year despite the difficulties with water, with the rain. The province should produce around 17 million liters more than last year. This wasn't easy. It's been necessary to hold a daily meeting at 8 p.m. in each municipality with all cattle workers because cattle raising is a great battle. When feed doesn't arrive, when there are difficulties, then logically all the indicators are revised. But we will reach around 140,000 tons of milk, that is around 140 million liters. We will have 195,000 births, also the highest figure the province has had. We will have 10,000 fewer deaths.

[Castro] How many births did you say?

[Vazquez] One hundred and ninety-five thousand. We will have 10,000 fewer deaths. Ten thousand eight hundred more cows have been brought in. The silo campaign hasn't been the best because of the lack of grass. We have also had a lot of difficulty with the harvester for the silo and equipment to make silos. Passing on to beef production, it also fulfilled the target this year. Now passing to construction, there was a commitment to build 50 cattle raising centers, and 60 will be completed. The sheep raising plan, Commander, is working. Improvement of 892 caballerias has taken place. That brigade was offered for 100 caballerias and 150 caballerias [words indistict]. The province has 215,000 sheep, that includes the state and private sectors but the plan, specifically with installations, calls for 53,000 sheep. We should reach 300,000. Around 1,265 tons of mutton are being produced, a portion of which comes to Havana, and another portion goes to the restaurant which you said should be built and was built. [Castro] Does the [word indistict] restaurant have a lot of clients? [Vazquez] There's a tremendous demand. Well, in the plan we must reach 167 million eggs this year. [Castro] How many last year? [Vazquez] Last year, 5 million more than this year.

[Castro] You had more. [Vazquez] Yes. Truthfully, Commander, it has to be said that there have been difficulties for the others, difficulties with herd handling. We also had to make a lot of technical replacements. That is stabilized as of now. [Castro] Next year, will your production increase?

[Vazquez] Next year we should reach 178 million, until we reach 239 million—which is the total for the province. With poultry, on the other hand, a record figure was attained. This year we will reach 6,000 tons, 200 more than last year. With goose production, the figure is 126,000, around 30 tons of feathers reached this year, and we carry it out in Santa Cruz del Sur, in Camaguey and in Solar, having tested the sites, etcetera. Thus this program isn't doing great, but is attaining the knowledge necessary to raise this type of fowl. In pig raising, this year the province will reach 9,000 tons of pork. In 1990, we should reach 11,100 tons; in 1991, 12,130; in 1992, 14,000; and, in 1993, 17,000. The cheese factory is planned for the first trimester of next year. The 18 freezers are practically completed, all equipment-related aspects are being completed. In that plant the builders are working day and night. It's not a simple matter. The plant is large. To conclude, this problem with milk, well, we also plan on completing the first phase of the powdered milk factory by 30 June and it will begin to make

milk. [Castro] Will it produce any powdered milk next year? Will you have a surplus by springtime? [Vazquez] Yes, there'll be a surplus by spring. [Castro] And don't you still have to send milk to the people in Holguin? [Vazquez] It's being sent. But then.... [Castro, interrupting] You also send milk to Tuna.

[Vazquez] To Tuna? I'm not certain whether it goes to Tuna. [Castro] In the future you won't have to send milk to Tuna, Humberto. [Humberto Miguel Fernandez, first secretary of the PCC in Cienfuegos] With your permission, Commander. Well, following more or less the same sequence followed by the comrades, attempting to be specific, regarding the pig raising program we have already completed the first pig raising center recently, in recent weeks. We have started construction on the second pig raising center. Also next year we should start a liquid [word indistinct] factory and a multiplier. Relating to food and vegetable production, our territory was seriously affected by this situation of the Juragua Plan. That is, the water reserves as [word indistinct] and salinization from the ocean. All systems in this plan should be completed by next year. Also, as we have discussed, the pipes for the remainder of the 12 million have been guaranteed to reach 24, with a program to irrigate 170 caballerias [as heard]. A brigade that you gave us is working there. Next year 100 caballerias will be left there. [Castro] Where? In Juragua? [Fernandez] More, with irrigation machines and 70 with localized irrigation. That is, in that place alone we should produce more than the actual production of the province. That's planned with a view to exporting some banana here, to the capital. With all the measures of the self-consumption programs in each enterprise, including self-consumption programs in the mountains where we are also planting bananas mostly, mixed with coffee and the rest—that is, the self-consumption programs of the sugar industry ministry, the [word indistinct], of the Agriculture Ministry enterprises and of the municipalities—we believe, Commander, that the food problem in our territory will be definitively solved. That is, we will produce enough for us to solve, not only the problems in the territory—although we don't have a great many areas dedicated to this [as heard]. Regarding citrus products, this year we have a plan for 28,435 tons. We should accomplish it 100 percent. And the same applies to the 24,100 we are supposed to export. We are also developing hydroponics in our territory. We currently have 10 hectares of hydroponics and we are working to reach 50 hectares divided among three municipalities. [Castro] How long would it take for the Isle of Youth, since we're looking at it here as a province? [Armando Manresa, first secretary of the PCC in the Isle of Youth] We are just now ending the grapefruit harvest. This year we should harvest around 120,000 tons. And we should reach 100,00 tons for export. We think the organization of the entire harvest system is efficient enough. The harvesters, both those of us who are mobilized—as well as students of the "million-ton" movement—have reached a high productivity. It has to be said that with a very small workforce, the citrus harvest has been carried out. [Castro] How many caballerias did you plant this year? [Manresa] This year we should reach 72 caballerias. We'll pass over a few caballerias we always prepare for next year, since the fruit won't reach adequate size. But, although it will be delayed a few months, we'll plant them during the optimal period and next year. We have around 120 planned, but will plant around 140 caballerias because we have the land, it's been prepared, etcetera. I think citrus production may leap next year to record numbers. Production per hectare has fallen a bit this year, from the 15 tons we attained last year to around 11.8, not quite 12 tons. We continue to work on the citrus program. We are building a packaging plant, which should be finished halfway into next year, for the next harvest. We should start the expansion of the citrus production complex. We should also continue working on expanding the irrigation system. We should finish next year a new system with a pumping station for 120 caballerias more of citrus. Relating to food and vegetables, this year we'll produce approximately 120,000 quintals more than last year of foods and vegetables both. We will have reached around 400,000 quintals by 31 December. We are working to reach 1 million quintals of both products. [Castro] One million quintals. [Manresa] Yes. [Castro] Of food and vegetables? [Manresa] Yes—based on some necessities for the preserves industry—in tomato production and other packaged products. Next year, we plan to reach 670,000 quintals of food and vegetables— 188,000 of foodstuff and 490,000 of vegetables. Remember that we include melons in this number, and we send almost all our melons here to Havana. It's included in the production figure for food and vegetables. Next year some 80 caballerias with their irrigation systems should start production and we are also working to expand the hydroponic systems. We plan to have 16 hectares of hydroponics and this year we should complete around 2 hectares of these new hydroponics. We are also working on the poultry and pig raising plan. I think these two programs are also going well, as according to plan. This year we should produce 2 million more eggs than last year. At present, we obtain 6.2 liters per cow, but we know we have genetic potential to attain.... [Castro, interrupting] What number? [Manresa] Six point two liters. [Castro] That's fairly low, eh? How many tons do you receive of your own citrus production? [Manresa] From citrus production we take 2,000 tons. [Castro] That's all. Dried already? [Manresa] Dried, practically turned into flour. [Indistinct words; crowd noise] [Victorino Lemus Rivero, first secretary of the PCC in Havana Province] This year we have a plan for 9.952 million quintals of foods and vegetables which will not be accomplished. We should come closer to 7.8 million of foods and vegetables. This is due principally to the weather during the early months of the year, including also September [as heard]. Because of the delays we have had in sowing for production in December, this has had an influence; for example, in potatoes, we lost from the potato plan around half a million quintals of potatoes during the current harvest because of the weather situation we had in Havana Province. Regarding tomatoes, we lost [changes thought]

no, not lost, tomato production was affected to the tune of 333,000 quintals. [Word indistinct] was a disaster, the problem of [word indistinct] because of moths and the problem of products against moths. And onions were also affected. Beginning with the present growing season, which began in September, we have developed an entire process. We have to plan for this growing season which is from September to May, pardon me, to February, around 2,400 caballerias, nearly 2,500 caballerias. Of this, 560 caballerias are potatoes, that is, the greatest number of potatoes planned for the province. The planting, as the minister explained, has been delayed. We were striving to complete the sowing by 25 December, but we've had nearly 15 days that we haven't been able to work on the planting. We only have 200 caballeries of potatoes planted. We are making an effort to plant what's needed in December and, in the first 10 days of January, complete the potato planting. We have completed with the garlic, that is, we have 145 caballerias of garlic planted. And we should finish with onions by the end of this month. Thus, an important effort is being made in all this work of planting for next year. The goal for next year is to plant 300 caballerias of plantains [platano burro], which would render around 5,000 quintals the first year and for 1991, 1.5 million quintals of plantains. [Castro, interrupting] I've been told people like plantains.

[Lemus] Yes, of course. [Castro] Like bananas. What do the Havana comrades have to say? Do you know plantains? [crowd noise] How accepted is it? Yes. Proceed. [Lemus] Well, Commander, here's another thing I'd like to explain to you. Along with this entire process which we are carrying out regarding the planting for next year, during the entire year we have also been working on a strong inversion program in agriculture. Next year agriculture will become in our province the third highest sector in construction inversion. Why? Because, well, same as Havana City has been creating the centralized markets, down here in agriculture we are creating a series of inversions to benefit agricultural products. For example, we're working on 30 storage bins to be completed this year. We're working this year, next year and maybe part of 1991, on the construction of 20 potato research centers and 26 banana research centers, like the ones you saw 31 May in Artemisa. [Castro] Yes. [Lemus] This year we will complete one for each enterprise. And so we will progressively finish this whole process of banana research by 1991 or 1992. Agriculture in Havana had an average inversion, years back, of 3 million pesos. Already for 1990 we approach an inversion of 30 million pesos. In addition, we are also working in everything related to the stabilization of the workforce, which is one of the most serious problems encountered by agriculture in our province and which has influenced the noncompletion of the harvest plan for this year. At present we are making a camp in each enterprise to be completed by 31 December, for the harvest. Because what's going to happen now? Since we're going to have to gather the potatoes in December, a stage won't grow together [as heard], and it's the same thing every year. That is, they won't grow together. [Castro] And the potatoes are going to grow together, for certain? [Lemus] For certain they are. [Castro] You must plant them together. [Lemus] And so we are preparing ourselves right now....

[Castro, interrupting] What's going to grow in 500-plus caballerias in a few days is phenomenal. [Lemus] Yes, it's [changes thought] that is, everything related to transportation, the workforce, everything related to this. Well, that's agriculture. [Castro] One question. [Lemus] Yes. [Castro] What is your idea? We have a written plan and a greater effort. What is your idea of production, as you conceive it for next year? [Lemus] Well, I don't know the written plan. What I know is moral commitment, which is for 10.5 million quintals for next year. [Castro] How many Fregat machines will you receive for this period? [Lemus] Well, lately we've received around 100 machines—in the last few days. This month we received 29 machines. Yes, our agriculture.... [Castro, interrupting] [Words indistinct] 10,000 irrigated hectares. Another thing, last year we lacked water in [Manto Freati] and this year, with little rain, we have all the water we need. We attibute this to the dyke we built south of Havana. The real fact is that in a dry year we have more water than last year. The harvest will accumulate. We have a little more cooling capacity, but we are building two new freezers of 10,000 tons each. [Lemus] One in Guines. [Castro] Yes, and the other in Alquizar? [Lemus] And the other in Alquizar. [Castro] I wonder when we'll finish that freezer, maybe next year. [Lemus] The one in Alquizar? [Castro] Yes. [Lemus] Well, they're working with the objective....

[Castro] Yes? [Lemus] They are planning the engineering, to start construction in the first semester and be able to use 12 cold storage chambers there. [Castro] Will the freezer be ready by 1991? [Lemus] By 1991. [Castro] I mean to say, for the 1991 potato harvest.

[Lemus] For the potato harvest, sure. [Castro] And the one in Guines can be speeded up too?

[Lemus] It can be speeded up to that date. [Castro] The contingent is doing that. [Lemus] The Blas Roca [contingent]. [Castro] I think it's very important to start that. We have to store more potatoes, more things—and that's not all we'll do. Are these new? [Lemus] There's one ready, another planned for July in Batabano. [Castro] Havana is in a situation [changes thought] Havana has 3 million inhabitants, between those here and those in the province. We must produce food and vegetables for all these people. And there comes a point when the workforce is lacking. I think the students in Havana, and possible those in the country schools, must assist to produce the food supply for the capital. Use the country schools— and even the country schools have been attacked here, like the family doctor—I believe that they are the best things the revolution has done, they at bottom don't want the revolution and are allergic to the revolution, they are hurt by each good thing done by the revolution [as heard]. Well, I don't know what production would be today, how all those plans could be

attended to, if it weren't for the hundreds of thousands of students who participate. And not only those who are there permanently, but also those who go every year—and each time they go with more discipline. And if conditions improve each time, more will join, as is happening now, when we are demanding of agriculture that it have adequate camps, adequate attention, etcetera. There is another measure—the strategic one—water carried from the mountains to Holguin and Tuna. It appears Holguin will be one of the provinces with the most irrigation. What is the importance of our taking 500 caballerias? If we take 5,000 caballerias, we double production. So we'll go in two stages, Adolfo. The first stage is of the state lands we are going to irrigate and the minidam plan. That's the first. So let's see, to start fast, immediately, what must we do? What's needed? And let's finish dealing with this problem. Santiago de Cuba, gentlemen, it's truly incredible, but it has a self-supply plan. Santiago hasn't any land; Santiago is mountainous. Santiago de Cuba is developing a food and vegetable supply plan for itself. Why can't we try this in Holguin? Let's rationalize this a bit more. Sugarcane is for us the most sacred thing, but one thing is above it: Food and vegetable production for the population. In agriculture we have important cattle raising plans, pig raising plans, fowl production plans, citrus production plans, plans for everything, but there is one plan we must guarantee—the food and vegetable plan. Two years ago we planned to use 5,000 caballerias more for food and vegetables. And to give them water. Well, there you have Cautillo Dam being built and other dams being built for this. We planned to add 5,000 caballerias of food and vegetables, with irrigation. Let's solve this problem once and for all. Plantains, bananas, well, the new seed multiplication techniques, let's do them. I place this apart from the sugarcane and rice, which are different programs. I place this apart from the pig raising plan, the milk production plan, the fowl production plan, the citrus plan. Food and vegetables. And in addition, I'll take away from sugarcane, if I have to, I'll take away 100 caballerias. [Words indistinct] and you'll see how with Jobabo River waters I find 100 more. So I'll have 250 plus 100, 350, and some I have with water—and I didn't have to build a dam—plus the other 60 you say you have out there. No, 100, plus 110, you have 460 caballerias for foods and vegetables with irrigation. One hundred of them can be found now, winding up the matter of the sugar harvest, cutting there, making sure it's near the river, taking advantage of a dam already in place, and irrigating there. The first 100 with irrigation have to be those by the Jobabo River, in [word indistinct] sugarcane. The second 100 are in Tana and the third 100 [corrects himself] the third 250 of Fortaleza. [Unidentified broadcaster] At the conclusion of the meeting, Commander in Chief Fidel Castro emphasized prioritizing the nation's food program for 1990. [Castro] Which are the fundamental programs? Well, the sugarcane [corrects himself] I mean, as a raw material for animal feed and as a source of foreign exchange. But everything else—the milk production plan, using [word indistinct]—six fronts have been opened [as heard]. We may do some additional things, but I think these will be all the dairy centers needed, all the calves born in this country. It's a milk production plan to the maximum. I already said we need 40 dairy centers to take care of the growing population, and we plan on building 200. We think that part of this will be to substitute for imports. But let's have a program to produce milk to the maximum of which this country is capable, including the import of some calves. That's an important program we are carrying out, milk. The pig raising program. In barely 3 years we'll double pork production. At least what we're doing won't take more than 3 years. The 27 integrated centers being built by MICONS [Ministry of Construction] and the storage bins built by agriculture in 3 years will have doubled capacity. Supposing it takes a bit longer, I don't think it will take 3 and ½ years in doubling the 100,000 tons of pork we now produce. We have planned for the industry which will process it. We are carrying out the egg program to increase production by 700 million in less than 3 years. Agriculture has to build 1,800 storage structures and you see that each province explained it has built more storage structure than is called for in this year's plan. The 1,800 structures are being built in 3 years. These 1,800 structures are for the additional 700 million eggs and for some 40,000 or 45,000 tons of additional poultry. This is less a matter of business than of insuring the production of poultry, in part to substitute imports and in part to improve nutrition. We are carrying out the sheep plan, also in the whole country, to produce several million heads of sheep. We are thinking of using the [word indistinct], we are testing the [word indistinct], depends on the possibility of rabbit and geese and that type of production. Production of [tirapia], freshwater fish, is being increased at top speed. Everything useful, every dam we have, to the maximum—those we have and those we're building. For that reason, we spoke here of all the hectares of ponds being made at top speed. That we have a surplus, that's my proposition. That we always have a surplus. That even in a very bad year we have enough, and in a normal year we have a surplus. But we will plant as many caballerias as necessary, applying technology, with irrigation. We will simply carry it out and we will continue, because this year the plan is for 42 million and I've said don't subscribe to 42 million, let's struggle for this, let's see if we reach 37 and we go from 31 to 37. But let us continue. I'd like for this to work out like with contruction materials, which at some point reached a surplus. We are intensifying the rice plan, also by using technology—not only with the new water sources. In 1 and ½ years the Cauto Dam will be completed. It will give 400 million cubic meters of water for rice production, primarily, also sugarcane. El Corojo is completed with 180, the other one is also completed, and we are going to start up immediately all the rest in Manzanillo [corrects himself] in Granma [as heard]. We will dam them all up. There won't be a single potential dam left unbuilt there. Because the greatest rice fields in Cuba are precisely in Granma, we will complete them, we will apply engineering systems, and all the water they need and that is saved [as heard].

In reality, comrades, we will ultimately have around 180,000 hectares of rice [repeats] around 180,000 hectares of rice, physically. Let's calculate if we have a bit less, 160, because in addition we will include around 400 in Moron which we have near La Leche lake. We will include some lands in other places. Drainage parcelled in lots produces nearly 3 tons of rice more. Drainage parcelled in lots is an engineering system. It produces nearly 3 tons more. That is, we can reach a rice production of more than 20 million quintals. We can reach a production of 600,000 to 700,000 tons. Today we produce around 300,000. What's our present production? Ten million, eleven, around 250,000 [as heard]. With what we are doing to obtain water for rice, as I said, we think we'll have seven brigades at the end of the year. We think we'll have 15 by the end of next year, and 30 by the end of 1991. I think we can reach 40. By the end of 1990, we'll have everything relating to sugarcane organized. [corrects himself] No, not by the end of 1990, by the end of 1991 we'll have everything relating to sugarcane organized. We're doing it with shrimp, we have four shrimp fronts [as heard]. So in rice we can produce, by a not too optimistic reckoning, between 500,000 and 600,000 tons of rice with the program we are following. And we'll do it same as with sugarcane, at top speed and using levelers made in Cuba. To this plan we can add the citrus and fruit plans. The citrus plan is for export and for us. Yes, we are developing a very important food plan which will provide eggs, milk, cheese, meat. I haven't spoken of beef. Its increase will be both natural and also fed by saccharine [as heard]. We will improve it, but I haven't included it in these calculations. We are developing an ambitious food plan, then, on solid bases, serious work. It's already in place, you could see that in this meeting; because you could see it clearly here in the accounts given by each of the provinces. This isn't for export, this is for us. Is this clear? The food program does not expect to waste exportable funds. We won't eat all the citrus fruits we produce and will continue to produce. This is an internal consumption program. The entire food program is to improve our nutrition. The same in industry, the same in beer production, in all this, the same with fruit production generally. I didn't include it here, but there are important fruit plans being carried out in this reforestation campaign [as heard]. The important thing is that we're making a great effort in this area for us. Tourism is for foreign exchange, the pharmaceutical industry and biotechnology is for foreign exchange, plus whatever benefits we can use, a small portion. The food program is for the population. All food development is for the people.

* Perez Betancourt Armed Forces Day Speech

90EM0060A Havana GRANMA in Spanish
4 Dec 89 p 3

[Speech by Rear Admiral Pedro M. Perez Betancourt, chief of the Revolutionary Navy, at the Revolutionary Armed Forces Academy on 2 December.]

Comrades on the speakers platform:

Comrades:

It is with pride and excitement that we commemorate this 33rd anniversary of the landing of the Granma and the day of our Revolutionary Armed Forces.

On this date many ideas come to mind. We could evoke many events and many beloved comrades, but one concept above all fills this 2 December with meaning: the concept of loyalty.

The Granma symbolizes the loyalty of the commander in chief and of his comrades to the cause taken up at the Moncada barracks, to the ideal of liberation and justice, to the glorious history of our homeland, and to the pledge made to the people that in 1956 we would be free or we would be martyrs. It was this loyalty too that inspired Frank Pais and the bold combatants from Santiago and other towns in the east, who undertook the uprising on 30 November and wrote pages of impressive valor.

It was this deep motivation, this sense of honor, patriotism, and duty that moved thousands of men and women at the time to sacrifice everything and to give everything for the triumph of our people.

It was this loyalty that encouraged an indomitable handful of scattered combatants to continue the struggle after the setback of Alegria de Pio and to remake the Rebel Army starting with seven rifles. It was the noble idea of building the country that Marti, Maceo, Gomez, and so many other extraordinary men from the past had dreamed of, of finally achieving the true revolution that would redeem our people and make them the masters of their freedom, their dignity, and their right to forge a decent future for themselves. It was this noble idea that fueled our resolve to overcome any difficulty during the days of the war against tyranny.

It was this strength that gave us victory, that enabled us to defend it, that brought an entire people into the ranks of the Revolution. It was this loyalty that turned us into a moral giant vis-a-vis the empire and its policy of aggression, that has enabled us to persevere in the hard and difficult battle against poverty. It was this loyalty, too, that gave us our common cause, that enabled us to feel the struggles and pains of other peoples as if they were our own, and to set out one day to fulfill honorable internationalist missions.

This is why today we have a genuine revolution born from the very roots of our history, nourished by the blood and sweat of the country's humblest sons, and sustained, as Fidel once said, by the melding of our national patriotic tradition with the universal ideas of socialism and Marxism-Leninism.

This is why today we have these Revolutionary Armed Forces, the solid bulwark of our Homeland's independence and sovereignty, the modest and disciplined servants of the Party and the Revolution, a school for steadfastness and the will to struggle, whose ranks are

made up of the very core of the working class, the peasants, and other workers, and which join together with the great army of our entire nation to breathe life into a superior concept of the country's defense: the doctrine of the War of all the People.

These are reflections of the classist and revolutionary essence of the FAR, and we today are witness to them. They are the brave comrades who have just been promoted to the rank of colonel in recognition of their dedication and merit. They are the organizations of the central administration of the State, which by virtue of the efforts of their workers and cadres have received the banner that certifies them as Ready for Defense during the first stage. They are the activities that are being conducted all over the country on this National Day of Defense, as patient, systematic, and persevering efforts are undertaken not only to consolidate and further the people's military preparedness but also to repair the damage caused by the recent rains in some provinces and, to the extent possible, to make up for the time lost on this account.

We Will Never Stray a Single Millimeter From This Revolutionary Tradition

I speak on behalf of the Revolutionary Armed Forces on this glorious anniversary of the birth of our rebel Army, amid the difficult circumstances of which we are all aware, and I say alongside all of my comrades: We will never stray a single millimeter from this line and this revolutionary tradition!

We have spoken here of loyalty. We will never be disloyal to our history, to our people, and to our unforgettable dead! We will never fail our party, our communist principles, and Fidel!

Our combat banners have provided us with many examples that show us the path to follow. Let us recall today, on the eve of another anniversary of his stirring feat, the captain who was the aide to the General Lieutenant of the Antonio Maceo Liberation Army, the young rebel Panchito Gomez Toro, who, though wounded, tried to take his own life rather than abandon his fallen chief. Let us recall Camilo when he assured the commander in chief that it would be easier for him to stop breathing than to stop being loyal to his trust. And let us recall "Che" in his letter bidding farewell to Fidel, when he wrote that "I am proud to have followed you unhesitatingly, to have identified with your way of thinking, and to see and appreciate the dangers and the principles."

If the enemy, more overbearing and conceited than ever, is engaging in wishful thinking about our possible internal weakening, if he is deluding himself about our young people, then the student demonstration this past 27 November, this National Defense Day, and the ceremonies of popular and revolutionary reaffirmation this coming 7 December during which the fallen internationalists will receive their last honors, ought to warn him that here he will not find the slightest breach, the slightest softening, or the slightest possibility of making socialism retreat.

He may perhaps find some feeble-spirited and mediocre individuals. They have existed in all eras. They are the ones who do not have faith in their land and in its works, the ones who know only how to copy. But even they will be ashamed one day at not having had the valor and the conviction to stand by their Homeland when it wrote one of its worthiest pages as the world looked on.

We Are Men of Baragua

Remember those who gave in at the Zanjon, those who marched off to follow the siren's song and the so-called reforms of colonialism; remember what place history reserved for them and what place it reserved for the Bronze Titan and his magnificent gesture in the Protest of Baragua.

We, our Party, our FAR, are not men of the Zanjon. We are men of Baragua!

We have problems. We must acknowledge that. We have difficulties. We are correcting mistakes and fighting tooth and nail to make up for the time that we have lost. We are striving to find ways of hastening development and effective answers to the needs of the economy and to the social debt that has built up. We are working hard, amid serious material limitations, amid great uncertainty about the future, but trying to do as much as we can for the well being and happiness of our people.

Our society is beginning a process of renovation and improvement. The successful preparatory work for the 16th Congress of the Cuban Workers Federation evidences this now. Likewise, loyal to our principles, each forum of the Party, the Youth group, and the mass, student, and social organizations are becoming grassroots channels to seek out solutions and compare ideas.

The exercise of democracy in Cuba today is at its peak. Never have the critical sense, the participation, and the active commitment of the people in performing their tasks been greater.

We have not, of course, needed either a multiparty system or the worn out institutions of bourgeois democracy. Nor will we need them henceforth. This, at least, is Cuba's experience.

In the crucible of a true people's revolution we rid ourselves forever of the bourgeois parties and we forged the unity of all patriots and revolutionaries in a single party. Likewise, we left behind forever the hypocritical prescriptions of a bourgeois democracy that in the past served only to deliver the country, bound hand and foot, to American imperialism and to enshrine manipulation, robbery, and inequality in a society of rich and poor. We will not listen to tall tales or ridiculous idealizations. We know the past very well; we know very well what is happening today in many capitalist countries and we will

therefore not abandon a single one of our accomplishments; on the contrary, we will strive to perfect our own institutions and to rid them of the deficiencies they may have.

We live in a complex era of great confusion. Some highly developed capitalist societies have managed to create mirages and even to portray themselves as models of well being and democracy.

We are not going to compare ourselves, let alone compete with those consumer models, which are based on the historical and contemporary plundering of workers and peoples, especially the peoples of the Third World. That is not our path. As we are already doing in many fields, we are going to forge a model of well being to which those Third World countries can aspire, the three-fourths of mankind that is still waiting for development and justice to come.

We chose the more difficult path, especially here in this region of the world: the path of true independence, true revolution, and true social justice. Over the past 30 years we have forged many friendships in the world. We are proud of the governments and peoples that have lent us their trust and support. Cuba today is at an all-time peak in terms of international prestige and authority. This was demonstrated eloquently by our country's election to the UN Security Council with the largest vote that the organization can remember. Such recognition is inseparable from the accomplishments of the Revolution and from the steadfast, no sell-out policy that our Homeland is pursuing.

We have major adversaries. We know all too well that we have earned the hatred of all reactionaries, oppressors, and fascists in the world. We are proud of that, too.

Some of our most stubborn enemies are now endeavoring to play the role of counselors. They are the same ones who have been besieging and blockading us for the past 30 years and who tried to wipe us off the face of the earth. They are the same ones who tried to annihilate us and ordered our expulsion from the OAS, claiming that socialism and Marxism-Leninism were incompatible with the inter-American system. They are the same ones whom we resisted, defeated, and forced to respect us. They have now turned into social-science professors and counselors who are trying to tell us what socialism ought to be like, blessing some and excommunicating others.

With the information monopoly that they have, our enemies are trying to brand us as intransigent, rigid, and orthodox. But what they are calling by these names is actually the stand with which we defeated the counterrevolution yesterday, with which we stood up to the threat of nuclear extermination in October 1962, with which we have frustrated the CIA's most sinister plans, which has enabled us to unhesitatingly answer the call for help of other peoples, in a word, the attitude by virtue of which we have not renounced the historic ties that we have established with the friends that we chose when the Government of the United States asked us to betray them as the price for normalizing relations.

If any one lesson has come out of the 30-year history of the Cuban Revolution, it is precisely that we must be consistent with our people's traditions and creative in seeking solutions to the country's problems, which are the problems of building socialism from a starting point of underdevelopment and with American imperialism as an immediate neighbor. It is precisely when we have strayed from this line, thus making room for imitation and the mechanical copying of foreign solutions, that we have erred the most. Learning from all, but thinking and deciding with our own head, based on our own needs and experiences, is a fundamental conclusion from which we cannot stray.

We Will Keep on Working To Meet the People's Material and Spiritual Demands

Socialism today is going through a stormy period. This is not the occasion to analyze the causes of these developments. But no matter what may happen, we will continue to defend and build socialism. History will be the judge of events and will say what role each played during this baffling and bitter period for mankind.

We will keep on working to meet the material and spiritual demands of the people, to overcome backwardness and poverty. We are realistic. We also acknowledge man's individual interest as a motivation in work and the struggle for development. But we believe, above all, in the conscience of the workers, in their morale, in their intelligence, and their mastery of science and technology. We believe in the liberated man, not the alienated man who acts only out of fear of unemployment or the urge to consume. We believe in education, in the possibility of directing, organizing, and conscientiously prioritizing the development of society. And these are not mere words. This is the experience of the Cuban Revolution, and we will be consistent with it.

We are preparing for even more difficult times. Alongside the entire people we are readying ourselves to cope with an intensification of ideological combat.

We are going to defend our ideas and we will also be ready for the worst of variables that could befall our Homeland as a result of difficulties that current world conditions may cause for its economic and social development programs. As the commander in chief has stated, we are even considering the possibility of applying the concepts of the War of all the People so that the Revolution and the country can survive, if the situation so demands. We hope that this is not necessary, but it is our duty to be prepared for any eventuality.

With courage, with valor, and with determination we will meet any challenge that the future brings but that will never be greater than the challenges that the Granma expeditionaries faced 33 years ago, because today we have a fully consolidated revolution, material, political, and moral accomplishments of huge dimensions, the

accumulated experience of struggle, and an entire people who have thrown in their lot with the cause of socialism.

It will not be easy to push back a people more than 400,000 of whose combatants have spent time on a strictly volunteer basis in Angola over the past 14 years and who will soon join tens of thousands of their fellow countrymen to form the Association of Combatants.

Capitalism will never be able to sully and besmirch the heroic soil of our Homeland, the soil that holds within it all of those who fell for independence and the Revolution and that will, in a very few days, once again embrace the splendid sons of the Cuban nation who gave their lives for the noblest and most generous ideal that the human mind has been able to create: proletarian internationalism!

Only over the dead bodies of all of this country's worthy men and women could that be achieved! The island would sink into the sea before consenting to that!

This is the message of loyalty, patriotism, and combative determination that the Revolutionary Armed Forces want to convey on this day.

Comrade Minister, comrades all: At this time of intense emotion for our people, as the remains of our internationalist brothers are about to return to Cuba, our thoughts turn to all those who gave their lives for the cause of our independence and our Revolution, from 10 October to the present, and the extraordinary words of Marti come to mind: "Immortal virtue rises impalpable from the wellspring of graves, like the breath of dawn; it creates the timid land, lashes vile faces, saturates the air, triumphantly enters the hearts of the living; death gives chiefs, death gives lessons and examples, death runs our finger over the book of life; the soul of the Homeland is thus woven from these continual, invisible bonds."

Let us thus proclaim more loudly than ever:

Everlasting Glory to the Martyrs of the Homeland! Long Live Our Socialist Revolution! Long Live Fidel! Commander in Chief! The Troops Respond! Give the Order, Give the Order, Give the Order!

Barbados

Government Defends Position on Panama

FL0401133290 Bridgetown CANA in English 2355 GMT 3 Jan 90

[Text] Bridgetown, Barbados, Jan 3, CANA— The Barbados Government on Wednesday defended its decision to recognise the United States-backed Panama Government, saying someone had to represent the people of the Central American state. Prime Minister Erskine Sandiford told the local Voice of Barbados (VOB) radio station that while he has recognised the new government headed by Guillermo Endara, his administration still wanted free and fair elections, and the withdrawal of U.S. troops as soon as possible.

"The main issue... is that the de facto government of General Manuel Antonio Noriega had collapsed (and) that the general had sought refuge in a foreign mission, ostensibly in search of political asylum in a foreign country, and that Guillermo Endara, a leading candidate in the democratic elections... became president," he said. "A country must have a government. There were no other claimants," Sandiford added.

Barbados, however, has criticised the U.S. military invasion of Panama, to oust Noriega, who is wanted by U.S. justice officials for alleged drugs trafficking.

Dominican Republic

Endara Government To Be Recognized

FL0401165390 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1609 GMT 4 Jan 90

[Text] Foreign Minister Joaquin Ricardo has stated the Dominican Government will recognize the new Panamanian Government led by Guillermo Endara in the next few days.

Ricardo said the only Dominicans still remaining in Panama are those who chose to stay there on their own free will, keeping in mind their private interests.

The foreign minister noted, however, that the Dominican Government has been following developments and actions in the isthmian nation. He denied charges that the Dominican Government had been negligent in the case of more than 100 Dominican citizens who could have left Panama in the face of the recent U.S. military intervention.

Balaguer: 'Doors Are Open' To Noriega's Family

FL0401184590 Santo Domingo Radio Mil Network in Spanish 1619 GMT 4 Jan 90

[Telephone report by Manuel Nova from Monte Plata]

[Excerpt] [passage omitted] President Joaquin Balaguer has said the country's doors are open to the family of General Manuel Antonio Noriega and that they can come to live in the Dominican Republic as long as they abide by the country's laws. He said the government has no objection to the recognition of Guillermo Endara's government, imposed in Panama by the United States. Balaguer said that contrary to General Noriega, who headed a de facto government, Endara was freely elected in the polls.

[Begin Balaguer recording] The government has already been recognized. I can tell you now that it will be formally done in the next few days. There is no longer a reason to not recognize it. Noriega's government was a de facto government. The government that has

emerged—supposing that it was also a de facto government as a result of a foreign intervention—controls the country's situation at the moment. In accordance with the principles of public law, a de facto government should be recognized as soon as it establishes control of the situation, maintains order, and exercises authority over the entire national territory. [end recording]

President Joaquin Balaguer answered questions from journalists after having inaugurated the housing project in Monte Plata. The project, which was built at a cost of 6.5 million pesos, consists of 24 houses. The benediction of the project was said by Father Martin Hernandez.

We repeat that President Joaquin Balaguer said a few moments ago that he has still not decided whether or not he will run for another presidential term in the next election. Dr. Balaguer reiterated that the decision will depend on the diagnosis the doctors give on his health. The head of state said that because of a lack of time, he has still not been able to go to the United States, where he will undergo an extensive medical exam.

Family May Arrive in 'Next Few Hours'

FL0401214890 Santo Domingo Cadena Brea Pena in Spanish 2112 GMT 4 Jan 90

[Text] The family of General Manuel Antonio Noriega could come to the Dominican Republic within the next few hours. This was stated to AFP by persons in Santo Domingo who are close to the family's in-law, former Minister of the Armed Forces Juan Rene Beauchamps, who has taken action for their transfer. The efforts are to try to get Dominican authorities to receive Noriega's family, which had taken asylum at the Cuban Embassy after the U.S. invasion of Panama.

The 30-year old son of Beauchamps, Juan Rene, is at the Cuban Embassy in Panama along with his wife, Sandra Noriega, who is 22 years old, and their 5-month old son—the grandson of Noriega.

A spokesperson for the Beauchamps family said to the international press: We are very concerned about our children's situation, but we trust that in the next few hours they will obtain authorization to travel, safe and sound, to Santo Domingo. The Beauchamps family (?will) have an executive plane ready to fly to Panama as soon as they receive authorization to bring their relatives. According to unconfirmed sources, another son or nephew of Beauchamps is also at the Cuban Embassy.

TV Reports Noriega's Surrender to U.S.

FL0401170590 Santo Domingo Radio-Television Dominicana Television Network in Spanish 1500 GMT 4 Jan 90

[Excerpts] Florida—The news of the surrender of Panama's former strongman, Manuel Antonio Noriega, has caused varied reaction among the people of this state. Since 2200 last night, people started to gather when they found out Noriega had surrendered to U.S. authorities. They carried banners on which you could read messages of gratitude to this nation and to President George Bush, as well as other banners pleading for Cuba's freedom. [passage omitted]

This morning, just before 0600, Manuel Antonio Noriega arrived at Homestead Air Force base under strict security measures. According to President George Bush, he will be tried in Miami along with seven other people. If he is found guilty, he could face 140 years in prison and a penalty of over $1 million.

Last night in Washington, President George Bush gave a speech in which he announced the surrender of General Manuel Antonio Noriega and affirmed Noriega would get a fair trial.

[Begin unidentified reporter recording] At 2140, President Bush made a statement at the White House press room to announce that General Manuel Antonio Noriega had been surrendered to U.S. authorities. He said Noriega was taken to Miami to be tried. He added that he will be treated fairly; however, his trial is a message to those who are involved in drug trafficking. The United States is firmly determined to pursue them and they will not be able to escape justice. [passage omitted]

The Bush administration was also an important factor in the surrender. Noriega was reduced to staying in one room at the nunciature without being able to go anywhere, since the building was surrounded by U.S. forces. The hours became longer and the possibilities for escape were reduced minute by minute.

This afternoon, Noriega's lawyer (Stephen Collins) will plea his innocence. He said the first thing he will do prior to the trial is request sensitive security documents so the jury can see them—if 12 people can be found to comprise the jury who will be impartial, because so much publicity has surrounded the case. (Collins) believes that because of the documents, the U.S. Government will not be able to prove Noriega is guilty. However, the government's lawyer who prepared the case, Richard Gregorie, believes there is irrefutable evidence that Noriega is guilty. The government wil' present several witnesses who were involved in drug trafficking with Noriega. [end recording]

In Madrid, the Spanish Government and the rest of the European governments are looking for Noriega's property so it can be (?seized).

[Begin unidentified reporter recording] Here in Spain, the news of Noriega's voluntary surrender to U.S. authorities has been assessed early this morning with the statement by Spanish Foreign Minister Francisco Fernandez-Ordonez to Radio Nacional. Meanwhile, several European banks are investigating whether or not Noriega had personal accounts, so they can be blocked the same way France has blocked Noriega's account's in that country. [end recording]

In London, the government of British Prime Minister Margaret Thatcher has expressed its satisfaction over the surrender of General Manuel Antonio Noriega to U.S. authorities.

[Begin unidentified reporter recording] The British Government, one of the few that enthusiastically supported the U.S. intervention in Panama as soon as the invasion took place and again later at the UN Security Council meeting, expressed its satisfaction one more time over the surrender of General Noriega to U.S. forces. In a communique issued early this morning, the British foreign minister expressed his satisfaction with the ending and the handling of the problem between the United States and the Holy See in regard to Noriega's stay at the nunciature. According to certain local commentators, the British Government's promptness in commenting on this new event reiterates, as if it were necessary, the British alignment with U.S. foreign policy. [end recording]

Haiti

Reportage on President Avril's Gonaives Visit

FL0401200790

[Editorial Report] Port-au-Prince Radio Soleil Network in Creole at 1000 GMT on 3 January carries a 10-minute report on the visit of President Avril to Gonaives on 1 January to commemorate Haitian Independence Day. The report says that "General Prosper Avril, accompanied by his wife and many high-ranking officials, was greeted with a 21-gun salute" upon arrival in Gonaives. It continues by saying that the few people "were not sufficient to provide a lot of applause," but that "armed civilians wearing sun glasses and carrying attache cases fanned out over the square and were even inside the cathedral."

The report goes on to say that a mass was held in the cathedral with the Bishop of Gonaives, Monsignor Emmanuel Constant, delivering the homily. In his homily, Monsignor Constant "paid resounding homage to the heroes of 1804." The bishop said, "Thanks to them, we can today celebrate Haiti's independence." Msgr. Constant continued by saying that "the same evils—corruption, armed robberies, crime, drugs, tension, insecurity, and extreme material, moral, and spiritual poverty—still exist today as they did on 7 February 1986." The bishop directly addressed President Avril by wishing Gen. Avril "success in his mission, which is that of ensuring a transition from a dictatorship to a democracy." After the bishop spoke, the report continues, Father Cineus spoke, asking Gen. Prosper Avril to "go to the prison and embrace his brothers Jean Auguste Mesyeux, Etienne Marineau, and Evans Paul and to immediately ask the judiciary to release them."

The report further says that several members of the diplomatic corps—among them the Apostolic Nuncio Monsignor Paolo Romeo and the new U.S. Ambassador Adams—were present at the cathedral.

The report notes that coverage of the visit was hampered by soldiers barring the press from the cathedral and generally humiliating the journalists.

The report includes an excerpt of Avril's speech in which he says, "Insecurity, poisons the Haitian people's existence; passion, which turns all occasions for dialogue into squabbles and disorders that disturb the peace in Haiti from time to time. Friends, I think the time has come for all of us to put our heads together and get a grip on ourselves, for us to set about rebuilding our country, just as our ancestors did on 1 January 1804. Let us see if this assembly can serve to launch some brand-new good for Haiti today."

The report concludes by saying that the president and his entourage went to Saint-Marc to inaugurate a new telephone system network.

UN To Provide Funds for Medical Training

FL0401202190 Bridgetown CANA in English 1502 GMT 4 Jan 90

[Text] Bridgetown, Barbados, Jan 4, CANA— The United Nations Development Programme (UNDP) is providing one million U.S. dollars to train doctors and health officials in Haiti.

The UNDP said the training will be in the prevention and treatment of malaria. The money will also be used to purchase equipment. The project is to be implemented by the Pan American Health Organisation (PAHO) in association with the World Health Organisation (WHO).

Ministry Announces Additional Directorates

FL0401204790 Port-au-Prince LE MATIN in French No 28.876, 4 Jan 90 p 2

[From the column "Haiti and Today's World"]

[Text] The Ministry of Information, Culture, and Coordination henceforth is composed of, in addition to the minister's staff and the Office of the Director General and its staff, five Central Directorates: the Directorate of Administration and Finances; the Directorate of Information; the Directorate of Coordination; the Directorate of Culture and Arts; and the Central Directorate for the Departmental Offices.

The head of the Ministry of Information, Culture, and Coordination is administrativly responsible for the following organizations: National Haitian Television (TNH), the government daily paper L'UNION, the National Library, the National Haitian Pantheon Museum (Mupanah), the National Theater of Haiti and the National Folkloric Troupe, the National Archives, the National Heritage Commission, the National School of Arts (Enarts), the Institute for the Safeguarding of the National Heritage (Ispan), the National Bureau of Ethnology, and the National Haitian Presses and the official gazette LE MONITEUR.

National Congress Condemns Invasion of Panama

PA0501031790 Mexico City XHTV Television in Spanish 0220 GMT 5 Jan 90

[Report by Agustin Granados]

[Text] The permanent commission of the National Congress today condemned the U.S. invasion of Panama. As reported on another occasion, the Senate and the Chamber of Deputies had individually expressed their views in this respect. Now the entire legislative branch has condemned this action. In a seven-page document signed by all the political parties and read by Senator (Blanques Ponda), the Congress notes it is urgent that the invading forces leave Panama, in line with the terms of the resolutions adopted by the OAS and the United Nations. The document also supports the establishment in Panama of respect for diplomatic immunity and the right to asylum, as well as some compensation for the damage caused by the United States.

The document says the United States must pay for the damage caused by the indiscriminate bombing, which claimed many lives.

At the start of today's session, the permanent commission, which is chaired by Chamber of Deputies leader Guillermo Jimenez Morales, set up three working commissions. It authorized President Carlos Salinas and his wife to accept the Order of Isabella the Catholic conferred upon them by the Spanish Government.

Opposition Spokesman Criticizes Vatican's Action

FL0401134790 Mexico City NOTIMEX in Spanish 0710 GMT 4 Jan 90

[Text] Mexico City, 4 Jan (NOTIMEX)—The Panamanian crisis, including the U.S. invasion and the handing over of General Manuel Antonio Noriega, will be analyzed here by leaders of Panama's Democratic Revolutionary Party (PRD) and Mexico's Party of the Democratic Revolution (PRD).

Ricardo Pascoe, spokesman for the Mexican PRD, reported today that participants of the meeting will especially review the handing over of Noriega to U.S. invader forces. Pascoe accused the Vatican of dangerously breaking with the tradition of immunity and diplomatic asylum, alluding to the fact that Gen. Noriega sought refuge in the Apostolic Nunciature in Panama before he was handed over. The Catholic authorities' position gives carte blanche for the U.S. to use violent actions to impose its law and its dominance, he stated.

The PRD spokesman believes Mexico should consider this fact and expressed his doubts that the United States has legal jurisdiction to put the Panamanian general on trial. Noriega is accused by U.S. authorities of being a drug trafficker.

Salinas Comments on Economy, Social Conditions

PA0401165390 Mexico City Red Nacional 13 Imevision Television in Spanish 1300 GMT 4 Jan 90

[Text] President Carlos Salinas de Gortari has said that the national solidarity program will be the government's great social goal. He has also given assurances that the economy is running very smoothly and anticipated that an in-depth dialogue and concerted efforts among sectors and groups will be aimed at raising the political debate's level.

Speaking to members of the PRI [Institutional Revolutionary Party], he said that growth will increase, inflation will drop, and in-depth changes and modernization will be implemented without undermining national unity.

[Begin Salinas recording] You, who have tried to make changes at a much faster pace than that which society has demanded of you, and without the necessary dialogue, today are running the risk—I can see it—of a civil war. If there is one thing the Mexicans want, it is to strengthen social peace. [end recording]

Addressing leaders from cargo and passenger transportation organizations, the president noted that a firm struggle will be led against inflation, a struggle that will promote economic recovery.

[Begin Salinas recording] There can be no doubt that the economy is running very smoothly; we will quicken our pace this year to attain the goal of having lower inflation than we did last year. [end recording]

The chief executive told leaders from the 34 Labor Congress organizations that an all-out attack will be waged against poverty—an attack in favor of economic recovery.

[Begin Salinas recording] This year we must intensify the dialogue and concerted efforts among sectors and groups so growth will take hold throughout the nation and benefit the greatest number of Mexicans. [end recording]

During his salutation to the Congress of the Union, Salinas said social harmony is currently among the leading achievements that is increasingly appreciated by society.

* Castillo Notes PRD Organizational Problems

90EM0059A Mexico City PROCESO in Spanish No 683, 4 Dec 89 pp 34-36

[Heberto Castillo commentary: "The Party We Want"]

[Text] The close of the campaign in Puebla, Tlaxcala, Guerrero, and Michoacan taught a great deal to members of the PRD [Party of the Democratic Revolution] who traveled throughout the country with their eyes open and who had no personal ambitions. The effort which our comrades made in the various states which we visited during those November days was fully worthy of our admiration. Almost without financial resources and

confronted with regional political bosses and the authorities of the PRI [Institutional Revolutionary Party] who did not hesitate to use all kinds of pressures against them, they carried on extraordinary campaigns in many of the towns.

It frequently happened that their candidates' posters, prepared by the national headquarters of the PRD, arrived late and in very small quantities or did not arrive at all. However, the majority of the candidates used their imaginations to print their own posters or replaced them with slogans painted on fences, trees, and rocks.

There were plenty of leaflets prepared on mimeograph machines or using household silk-printing screens, spreading the party slogans. Some of them used paper, while others used paint—or vehicles to arrange for the transportation of candidates or party members to campaign meetings. There was never a shortage of goats, pigs, or cattle contributed by some or purchased with money given by groups of people to hold a banquet at the end of the campaign.

National leaders of the party, experienced in the daily struggle to defend the rights of their respective communities, attended the meetings. These communities included farmers, workers, professional people, businessmen, housewives, students, young people, or people living in a given residential area. Most of them had no experience in party activity. Many people had a purely formal membership in the PRI. However, all of the natural leaders whom we met during our trip had the ability to lead their comrades. Now they want to learn how to be active in a party which is independent of the state and of the economically powerful people.

They know that political, without economic, independence is impossible. They are learning little by little that the resources provided them by law are totally inadequate to undertake campaigns which will be a match for those carried on by the government party and that the state and federal governments openly use the resources of the nation to support the campaigns of the official candidates. We know, from our last few trips, of the gifts which PRI supporters carry from door to door to give to the voters: notebooks, pencils, food, clothing, kitchen utensils, and some, unimaginable things. In several towns votes were bought for 5,000 pesos, the same amount of money, for example, which farm workers receive as salaries in the mountains of the State of Guerrero. The PRI also constantly made threats: there would be no drinking water for a given town, although this has been promised for so many years; there would be no secondary school; a much-desired road would not be available if they voted for the PRD.

However, the Mexican people are learning to resist flattery and threats. In all parts of the country there was a Mexican man or woman who invited the PRD candidates to fight to defend their legitimate interests. It was the leaders and the natural vanguard who emerged in every town, turn of the road, or community. It was those same people who arose throughout Mexico in 1988 to lead the election campaign in favor of Cuauhtemoc Cardenas. Those are the people who made possible the great meetings held throughout the campaign and after it was over. It is those Mexican men and women on whom we are counting to build the Party of the Democratic Revolution over the next few months.

There were many problems which we encountered while traveling through the country. However, the most difficult ones to solve did not come from our opponents but from among ourselves, from the party leadership at all levels. There are extraordinary leaders who for many months have devoted all of their enthusiasm and ability to the party cause. Those are the people who wish to build an instrument of struggle for the majority of the Mexican people who have been left on the sidelines. Those are the people who did not come into the party in search of a politically prominent position but rather to contribute their grain of sand to the building of the PRD. However, there also are leaders, in all of the political forces participating in this collective effort—no group is free of this phenomenon—who are in the PRD because they were not appointed mayors, members of city councils, deputies, senators, or provincial governors in other political parties. They cannot imagine political participation in a party if not to seek an elected position or a government appointment. Those are the people who create the most difficulties. And difficulties are inevitable, because no one can be denied the legitimate right to aspire to an elected position or to be appointed a member of a government. What harms the cause which we support is that the leadership of the PRD lies in the hands of those who fight only for that objective and are not embarrassed at changing party allegiance whenever they consider it convenient.

However, those of us, like me, who have spent so many years in opposition know that there are comrades who always place their personal interests above those of the party or of the nation. And as I said previously, these persons are not only to be found in the PRI or in the parties of the Right. They are found everywhere.

The moral problem consists in finding an organization which minimizes the activities of those who make use of the political parties without serving them. And to do this, it will be necessary to regulate the way in which people obtain party leadership positions and also designation as candidates for positions elected by the people.

Every Mexican who wishes to enter the PRD is free to do so. However, he will have to promise to obey the party regulations and to see that they are obeyed. He will also have to fight to implement its program and to defend its principles.

There is discussion about the need to have paid, professional workers in the party. They are essential. However, if their salary must come from national party headquarters, we cannot expect that the PRD will continue to grow indefinitely, for to the extent that it has more local

committees there will be a greater need for paid workers and a requirement for a larger budget. Where will the necessary money come from? It is a illusion to think that income from appointive positions will resolve the problem. It will be necessary to adopt legal means to obtain the necessary resources.

One immediate possibility, which I propose, is to make each basic, municipal or state committee obtain its own resources through quotas collected from its members, contributions, or the conduct of legitimate business. This is not impossible to do, as many people think. We in the PMT [Mexican Workers' Party] have been living modestly for many years, with only the resources obtained from our supporters.

Our friends among the farmers well understand what I say when I draw the following analogy for them: The municipal committees of the PRD can be like the sons and daughters of a couple who have many children. Each child who is born is a burden on family resources. Another mouth to feed! If PRD committees which are organized depend on central headquarters, each one will involve a further, additional expenditure to cover with the limited party budget. The time will come when they will not want more committees. And our party hopes to grow indefinitely. Therefore, the committees must be self-sufficient.

I know that such a proposal sounds irrational for those who were accustomed—because they come from the PRI—to be professional workers paid by the various government offices. And well paid, with an allowance for representational expenses. I know that it will also sound bad to those coming from organizations of the Left. They were used to bureaucracy and to the miserable salaries which we used to pay professional workers, true political magicians, used to being half starved and half clad. However, there is no alternative other than economic self sufficiency for setting up a real, independent party. The self-management which we are proposing for companies and business firms must also be extended to our party organizations.

In the last few trips which I made to several states I asked the comrades who invited me to make arrangements to pay all of my personal costs. And there were no great difficulties in doing so. Their imagination was sharpened. For that reason I now accept all invitations which our party comrades extend to me to help them in their electoral or organizational work, on that condition. I know that the effort which they will make to provide sufficient resources for lodging, food, and transportation will also help them to move up in the organization.

At times our comrades in the provinces need the help of those of us who have more experience. The municipal officials of the party and state congressmen are widely scattered and now lack adequate advisory assistance. We can work with them throughout the country. And the paid party workers who support the organization in the provinces can also come from among the natural leaders who are already there in those places, because there is where they are trained.

From time to time it will be necessary to send comrades from central party headquarters to the provinces. On a temporary basis. However, if the CEN [National Executive Committee] pays them, there would be no budget to meet these expenses, because it would have to cover hundreds of comrades. The central budget should cover only the payment of office rent, telephone service, electricity, information services, and economic support for the workers who perform their duties in those offices. The provincial committees which require a professional worker from central headquarters and ask for him should cover all his expenses for the time during which he will be with them. There would be exceptions, but these prove the rule.

In that way the committees would be truly independent and would increasingly generate more resources. The more committees, the more income.

In this way we would have committees able to make the PRD grow throughout the country. The CEN would not have children in its committees but rather party builders. That is what I propose.

* Government Ties to PRI, Press Examined

90EM0055A Mexico City PROCESO No 681 in Spanish 20 Nov 89 pp 14-16

[Article by Elias Chavez]

[Text] The "pens of the PRI" [Institutional Revolutionary Party] got cheese soup, stuffed chilies, roast beef—Hereford, of course—and a special dessert as Luis Donaldo Colosio dictated the "party line" to them.

"Continue defending PRI in the press, but, above all, sing the praises of Carlos Salinas and his works...."

The meal began with an aperitif in the PRI Presidents' Room where portraits of 38 of the ruling party's 39 leaders grace the walls. On orders from Colosio, there's a gap between Jesus Reyes Heroles and Carlos Sansores. It makes the absence of Porfirio Munoz Ledo all the more conspicuous.

Before the aperitif, Colosio was reluctant to enter the room.

"Those people bore me," the PRI boss told the affair's organizer, Edmundo Gonzalez Llaca.

"Those people" were 40 political journalists, some of whom pass themselves off as "independent columnists" despite their presence on the Information and Propaganda Secretariat's list of "PRI pens."

Fearing a snub, organizer Gonzalez Llaca told Colosio: "If you don't go in, I'll lose drawing power."

The purpose of the working lunch was to orient the PRI scribes on matters such as goverment reforms proposed by President Salinas in his first state of the union message and the Saturday, 25 November, meeting of the PRI National Council. According to Colosio, this would begin "the great national debate that will usher in our fourteenth party congress."

In a nutshell, the message was to modernize the party without weakening its principles. In other words, PRI's so-called basic documents will continue to embody revolutionary ideology, but it will be soft-pedalled, virtually disguised. It must be trimmed to fit the terminology of the current fad for modernization.

This, some lunch guests remarked, means PRI could pick candidates without regard for party credentials or revolutionary zeal provided they stand for modernization and assure success at the polls.

At the moment, the modernizers of PRI are pondering the possible advantages of restructuring the party's national executive committee to include representatives from every state.

Colosio, on orders from President Salinas, is seeking to alter the relationship between the ruling party and the government. He'd like to cut the umbilical cord that's turned PRI into a cheerleader for the government and whoever Mexico's president happens to be.

But the modernizers can't find a way to sever the umbilical cord without also opening the door to criticism and even confrontation between PRI and the president of the Republic.

And they've been even less successful in figuring out how the PRI can survive without the resources it gets from the government. Right now it faces a grave economic crisis. About 10 percent of the party's workers will be laid off permanently as of this month. Some won't even get the severance benefits the law entitles them to despite 20 years' seniority.

Like the government, the PRI is slimming down at the expense of employees who for the most part barely eke out a minimum wage.

PRI began to feel the pinch 11 months ago, proving once again its dependence on the government.

Former party treasurer Ernesto Senties Hoyo inventoried all PRI's assets: cars, furniture, computers, fax machines, a parabolic antenna. Then he carted it all off to the Office of the Presidency when he was named its administrative director. Upon taking over as secretary general, Rafael Rodriguez Barrera discovered his office was bare.

What's left for the PRI, in the Presidents' Room, is a long table with mahogany veneer and room for almost 50 diners. That's where the "pens of PRI" savored their meal of cuisine from the state of Sonora on Tuesday, 4 November.

Although the turnout was only about 40, there are, in fact, 108 names on the Information and Propaganda Secretariat's list of "PRI pens." Some are PRI supporters by conviction, well known politicians who take up press space explaining and defending party viewpoints. Others conceal their status as mercenaries by calling themselves "independent journalists." And there are those who write to curry favor: Political meritocracy is also practiced on newspaper editorial pages.

The following are some of those listed by the Information and Propaganda Secretariat as "PRI pens": Marco Antonio Aguilar Cortes, Hesiquio Aguilar, Domingo Alapizco Jimenez, Cuauhtemoc Anda Gutierrez, Jesus Anlen Lopez, Carlos Calvo Zapata, Jaime Castrejon Diez, Miguel Covian Andrade, Ricardo Carrillo Arronte, Sami David, Salvador del Rio, Blanca Esponda de Torres, Maria Emilia Farias Mackey, Vicente Fuentes Diaz, Guadalupe Gomez Maganda, Edmundo Gonzalez Llaca, Rosario Green, Rosario Guerra Diaz, Rafael Gutierrez Chavarro, Luis Gutierrez Esparza, Martin Luis Guzman Ferrer, Fernando Heftye, Jorge Hernandez Campos, Guillermo Knochenhauer, Horacio Labastida, Jaime Labastida, Armando Labra, Antonio Lara Barragan, Javier Lopez Moreno, Jorge Adalberto Luna, Roberto Madrazo Pintado, Jorge Medina Viedas, Maria Luisa Mendoza, Rodolfo A. Mendez Mendez, Cesareo Morales, Raul Moreno Wonchee, Judit Murgia Corral, Santiago Onate Laborde, Miguel Osorio Marban, Luis Ernesto Pi Orozco, Raymondo Ramos, Mario Ruiz Massieu, Arturo Romo, Gustavo Salinas Iniguez, Carlos Salomon, Carlos Sanchez Dosal, Cesar Augusto Santiago, Rodolfo Siller, Carlos Sirvent, Abraham Talavera Lopez, Miguel Tirado Rasso, Pindaro Uriostegui, Miguel Angel Yunes Linarez, Leopoldo Zea, Leonel Perez Nieto, Demetrio Sodi, Andres Henestrosa, Jose de Villa, Rafael Abascal, Hilda Aburto, Samuel Palma, Luis Molina Pineiro, Fausto Alzate, Federico Osorio Altuzar, Hilario Salazar, Marta Chapa, Sergio Martinez Chavarria, Jarmila Olmedo de Garcilita, Federico Ortiz Quezada, Mario Melgar, Agustin Besave Benitez....

These are some of the people who bore Colosio, but in the end Gonzalez Llaca talked him into entering the Presidents' Room. Speeches are customary at these meals for "pens of the PRI." On this occasion, in addition to Santiago Onate—whose topic was government reform and political aspects of the state of the union message—Abraham Talavera and Javier Lopez Moreno were also scheduled to talk.

There was no reason for Colosio to stay bored very long.

Sonoran flour tortillas stuck in several throats when Abraham Talavera accused Javier Lopez Moreno of invading his turf by discussing foreign policy.

"We had a gentlemen's agreement, and he broke it. He spoke on my topic," an indignant Abraham Talavera complained.

The protest of the former ambassador to Guatemala struck a spark with Senator Blanca Esponda. Her complaint was that senators and deputies were never briefed on the election reform bill passed last month.

"They gave us no consideration." the legislator said.

Someone who didn't get an invitation this time was Rodolfo Mendez. The oversight was not because of his feuds with Yucatan governor Victor Manzanilla but because he "displeases" Gonzalez Llaca.

Hesiquio Aguilar took advantage of the occasion, as he always does, to boast that he's served three terms as a deputy and was a friend of President Ruiz Cortines.

With the threat of a snub dispelled, Gonzalez LLaca sat next to Colosio and looked well satisfied as he gazed upon the "PRI pens" ready to use their columns for the job at hand.

It would be up to them to sensitize followers of PRI and society in general to the bounty that would flow from the party's modernization.

And some wondered if it might make sense to give the party a new name. One guest jokingly dubbed it the Center Progressist Party.

At the time, PRI had just concluded five regional meetings in preparation for the convening of its National Council on Saturday, 25 November. The idea was to give PRI loyalists nationwide a chance to air their views. Then, come Saturday, it would be possible to bill the overall plan of action for the coming party congress as the result of grass-roots consultations.

But instead of generating ideas for democratizing and modernizing PRI, the meetings reflected the party's long-standing vices. They turned into an outpouring of speeches glorifying the president, the revolution, and the respective state governors.

In their ability to induce sleep, they resembled the words of Jesus Anlen Lopez, the deputy from Tepito, who was eager to look good in the eyes of Colosio at the "pens of PRI" lunch.

His voice deepened. He theorized profoundly about government reform, alluding to Montesquieu, Rousseau, Bodino, Hobbes....And he bored Colosio.

Serving the Office of the Presidency

Propaganda and Information Secretary Orlando Arvizu Lara and Under Secretaries Mauricio A. Villarreal, Ricardo Torres Cota, and Ignacio Rodriguez Castro also seemed bored.

The one person who really seemed to be enjoying himself was Agustin Basave [as published]. He came close to laughter during the Byzantine attempts of Anlen, Pindaro Uriostegui, and Rodolfo Siller to define the Revolutionary State.

The task of carrying on a serious theoretical discussion fell to Mario Ruiz Massieu, who stated the position of President Salinas.

And just as PRI has its "pens," embracing those who write for pay and those who do it by conviction, the Office of the Presidency also has its line-up of hacks.

Proceso obtained a list of "columnists" on the payroll of the Office of the Presidency. Dated 9 November, the document bears a stamp acknowledging its receipt a day later by the Administrative Section of the Press and Public Affairs Office. The greeting in the upper left-hand corner is to Fernando Paullada S., Administrative Director. Then it reads:

"I am taking the liberty of sending you the enclosed list of payments and honoraria owed to columnists for the month of September 1989."

A list of names and amounts follows:

Abraham Velazquez M., 420,000 pesos; Adriana Quinonez, 190,000; Bertha Hidalgo, 240,000; Carlos Moncada, 500,000; Cristobal Ojeda, 500,000; Domingo Alapizco, 450,000; Enrique Hernandez J., 500,000; Fernando Irala, 250,000; Gloria Fuentes, 180,000; Jorge O. Martinez, 500,000; Luis Borja, 350,000; Mario Guerra Leal, 340,000; Marco Antonio Fragoso, 500,000; and Patricia Ruiz, 90,000. Total: 5,000,000 pesos.

The payroll is signed "sincerely" Eduardo Garcia Puebla.

Both the PRI and the President's Office have people who draft articles for publication under the bylines of politicians and officials who can't write.

And they're printed thanks to what's known as the French Plan: Editors and/or publishers provide space and promise to print press releases—in return for payments that run well into the millions.

The hacks—of both the PRI and the President's Office—occasionally get orders to attack or slander truly independent journalists or leaders and politicians opposed to the system.

The sweetness of the unrefined brown sugar in the special Sonoran dessert turned bitter when Hilario Salazar addressed a question to Colosio:

"Is the PRI really going to democratize?"

The question went unanswered and brought the meal for "pens of PRI" to a hurried conclusion.

Police Shoot Down Plane Carrying Cocaine

FL0401221990 Havana Radio Reloj Network in Spanish 2058 GMT 4 Jan 90

[Text] Special antidrug-trafficking units of the Mexican Federal Police shot down a small Bolivian airplane, carrying close to 670 kg of cocaine, over the town of San Ignacio. A police spokesman said the plane was heading toward the United States and was shot down after disobeying an order to land. The pilot and his assistant were killed.

According to official statistics, Mexican authorities have shot down five airplanes carrying drugs to the United States during the past few months. Mexican authorities announced that 18 special networks will soon be installed in southern Mexico to detect the airplanes used by the drug traffickers.

Costa Rica

Arias: Latin America Failed on 'Panama Problem'

PA0501045490 Panama City ACAN in Spanish 1950 GMT 4 Jan 89

[Text] San Jose 4 Jan (ACAN-EFE)—Costa Rican President Oscar Arias has regretted diplomacy's inability to solve the Panamanian problem, which ended in a U.S. military invasion. Arias said that because of its "pusillanimity," the OAS also failed to solve the Panamanian conflict.

Arias recalled that during his visit to Costa Rica in 1988, Spanish President Felipe Gonzalez, with the cooperation of Venezuelan President Carlos Andres Perez, unsuccessfully tried to find a possible political solution to the Panamanian problem.

President Arias said that after that, the OAS was equally incapable of promoting a peaceful solution to the crisis.

Arias stated: "We were unable to avoid the deaths of so many Panamanians, the deployment of U.S. troops in Panama, and the property damage experienced by Panama—which is estimated at $1.5 billion."

The Costa Rican president pointed out that now "the Panamanian people have the opportunity to tell free nations that they want to travel on the path of peace, democracy, and development" and that they want to put an end to "their war apparatus."

After inaugurating an international conference on "economy for peace," Arias held an impromptu news conference, in which he expressed his concern because "the plans to reorganize the security forces (of Panama) include placing those who wore the military uniform to restrict freedom at the head of the new forces."

Arias added: "The ideal thing would be to eliminate the Army as Costa Rica did 41 years ago and to turn the armed forces into a civil guard."

In answer to questions regarding the surrendering of former Panamanian strongman Manuel Antonio Noriega to U.S. justice, Oscar Arias said that "today the worst crime one can commit is to poison our youths with drugs" and for that reason it is fair that "he appears before the courts to face the charges filed against him."

El Salvador

List Provided of Soldiers Near UCA Killings

PA0401191090 Panama City ACAN in Spanish 1716 GMT 4 Jan 90

[Text] San Salvador, 4 Jan (ACAN-EFE)—Colonel Rene Emilio Ponce, chairman of the Joint Chiefs of Staff of the Salvadoran Armed Forces, has provided the list of soldiers, who were in service near the Central American University when six Jesuit priests were assassinated, to a Salvadoran court.

Judicial sources today said this list is included in a sworn statement that Col. Ponce gave to the San Salvador Fourth Criminal Court. The contents of the statement have not been released.

The court is investigating the murder early on 16 December of one Salvadoran and five Spanish Jesuits at their residence at the UCA, when an all night curfew was in force in El Salvador.

Official sources have indicated that the statement is in response to the Catholic Church charging that "members of the Armed Forces are suspected of having participated in the death of the priests."

Salvadoran President Alfredo Cristiani said on 2 January that the investigation into the priests' assasination, including UCA Rector Ignacio Ellacuria, is now "almost totally focused inside the Armed Forces."

Judicial sources said today that Fidel Chavez Mena, secretary general of the Christian Democratic Party (PDC), will also be called to testify as a witness at the request of the prosecutors involved in the case.

According to a judicial source, the prosecutors have also asked Gregorio Rosa Chavez, auxiliary bishop of San Salvador, to send his sworn statement, also as a witness, concerning the murder of the priests.

It was reported that the request for statements from the opposition political leader and the auxiliary bishop is a result of their remarks on the individuals presumably implicated in the crime.

Guatemala

* Government's Financial Practices Criticized

* Transfers Denounced

90EM0056A Guatemala City EL GRAFICO in Spanish 2 Nov 89 p 2

[Text] Guatemala City, 2 Nov—Politician Mario Castejon has claimed that, in the execution of the budgets for the years 1986, 1987, and 1988, the Ministry of Public Finances made transfers amounting to 2,429,708,735.03 quetzales "for not very clear-cut purposes."

He remarked that Decree 2-86, issued during the first week of January 1986, was virtually the cause of the disaster in the handling of the general computation of the nation's revenues and outlays, because it gave the Treasury Office carte blanche for making transfers without approval from the Congress of the Republic. "In the budgets executed by the present government during 1986, 1987, and 1988, the Ministry of Public Finances went so far as to transfer 2,429,708,735.03 quetzales, as documents of the State Accounting Directorate show."

Castejon pointed out that those transfers were not called for in the original budgets approved by the Congress of the Republic, and were made in the sight and with the consent of the majority of deputies.

"There must be clear-cut, peremptory legislation, so as to establish a control mechanism to prevent the diversion of budget funds and thereby end legalized misappropriation and fraudulent acts in the management of public funds.

"During the 4 years of the present government, several state ministries have allowed the diversion of their funds to augment those of the Office of the Presidency and other entities. In the recently liquidated budget, the Presidency had an appropriation of 49 million quetzales, and an additional 95 million was transferred to it.

"As a result of these transfers, there is a new fleet of vehicles in the service of the Office of the Presidency and high-ranking government officials, as well as a brand new executive helicopter for President Cerezo's use.

"Nevertheless, there are no medicines nor equipment for hospitals; the public schools and social welfare centers are declining, as has occurred in Quetzaltenango; the General Directorate of Roads has no materials for improving the highway system; and the officers and troops defending the national sovereignty and fighting every day lack the necessary equipment."

Castejon warned that, if the government does not stop the transfers, now that its latest budget is about to be approved, affording it a last opportunity, the misappropriations and fraudulent acts will increase.

The politician commented: "Public buildings will be the only thing that they will be unable to make off with," reiterating the need to curb the mismanagement of public funds.

* Presidency Overspends

90EM0056B Guatemala City PRENSA LIBRE in Spanish 4 Nov 89 p 2

[Text] Yesterday Deputy Hector Luna Troccoli released an analysis of the spending done by the Office of the Presidency and its agencies from 1986 to 1988, based on data from the Ministry of Public Finances, indicating spending of up to 7 million per month.

Deputy Luna claimed that the Office of the Presidency and its agencies spent a total of 259.3 million quetzales from 1986 to 1988, indicating that, in those 3 years, they spent 125.5 million more than was earmarked for them by the Congress of the Republic in the different budgets that were approved.

Deputy Luna said that he had procured these data from the voluminous books containing the budgets for the aforementioned fiscal years.

Based on that accounting, the congressman claims that the Presidency and its agencies spent 40 million quetzales in 1986, although funds totaling 29.7 million were allocated to them.

In 1987 that office was assigned 44.7 million, and total spending of 70.6 million was reported. And last year, according to the latest available official information, it was allocated 58.4 million but spent 148.7 million: in other words, 90.3 million quetzales more than was budgeted.

Luna maintains that the immense difference between the amounts appropriated and spent is due to the transfers made without any kind of control, but rather with a mere presidential order.

Hence, he remarked, based on what was spent in 3 years one can infer that the Presidency and its agencies are spending 236,529.68 quetzales per day, making a total of 7,095,878.00 per month.

Luna thinks that, in 1990, even though the Presidency and its agencies were assigned 77.7 million in the budget bill, they will spend about 100 million more than that.

Finally, he added that, for this reason, some amendments must be made in the Organic Budget Law requiring that transfers exceeding a certain amount must be reported to and approved by the Congress.

* Presidential Transfers Hit

90EM0056C Guatemala City PRENSA LIBRE in Spanish 2 Nov 89 p 2

[Text] Dr Mario Castejon, who was interviewed regarding the General Budget of the Nation for 1990, declared that the unlimited authorization of transfers is the main reason for the mismanagement of the government's budget and for the meager public investment.

Castejon said that the Ministry of Public Finances should be prohibited, by the repeal and subsequent amendment of Article 186 of the Congress of the Republic, from making any transfer over a stipulated amount. Furthermore, it should not be allowed to take funds from the investment budgets and from the foreign debt payments, something that was done during the past 3 years.

Castejon noted that, in the budgets prepared by the government during 1986, 1987, and 1988, transfers totaling 2.429 billion quetzales were made. It is expected that, with the transfers made during the current period, that amount will reach 3.2 billion quetzales by December of this year.

He explained that the aforementioned transfers were not authorized in the original budgets, but were made with the consent and complicity of the majority of deputies. For this reason, there must be clear, peremptory legislation to establish a limitation and control mechanism, and to prevent the diversion of budget funds, thereby

avoiding this misappropriation and other fraudulent acts in the handling of those public funds.

He claimed that during the 4 years of the present government several ministries have allowed the diversion of their funds to the detriment of investment in works projects, in order to increase the exclusive funds of the Office of the Presidency and other government entities.

The subject of the interview emphasized that, as evidence of this, in the recently liquidated budget the Presidency received approved funding of 49.523 million quetzales, and had another 95.45 million transferred to it, besides the 49 million already earmarked for it.

As a result of these maneuvers, there is a fleet of new cars in the service of the Presidency and other high-ranking officials, as well as a new executive helicopter for the use of Cerezo Arevalo. Castejon went on to say that, nevertheless, there are no medicines or equipment for hospitals, and that public schools and hospitals are declining.

Castejon remarked: "Furthermore, we are viewing the disaster in the maintenance of the nation's highways, as well as Army officers and soldiers fighting every day to defend the integrity and sovereignty of the country without suitable equipment."

Castejon asserted: "If the transfers, misappropriations, and fraudulent acts are not stopped in this budget about to be approved by the Congress of the Republic, such acts will multiply over those in previous years. And we might say that this should be done so as not to miss the last opportunity."

* Activity Censured

90EM0056D Guatemala City EL GRAFICO in Spanish 3 Nov 89 p 9

[Editorial: "A Budget With Many Dark Areas," Second Part]

[Text] Yesterday we commented that, now that the Congress of the Republic will be starting to consider the General Budget of Revenues and Outlays of the Nation, serious and responsible deputies need to make a careful analysis of a series of features and irregularities shown by the last three budgets approved by them. We noted that the transfers of millions in appropriations made behind the back of Congress are contributing to corruption and misuse of state funds. We also indicated that there are budget funds that have been repeated during the past 3 years, earmarked for works projects that have not been executed, casting doubt on the use made of those funds. We believe that these irregularities have occurred precisely because of the irresponsibility of bad deputies who go so far as to docilely raise their hands, following the dictates of the Executive Branch, without even taking the trouble to analyze whether such an act constitutes a violation of the separation of powers and a mockery of the Legislative Branch.

A few days ago we published an interesting letter circulated personally by the secretary general of Christian Democratic Youth, Pablo Rodas Martini, who touched a sore spot by charging that the budget for 1990 shows the same irregularities as the previous budgets, especially with regard to confidential accounts, the amount and use of which are the best kept secret, helping to make more than one corrupt official rich. The young politician, with the integrity and idealism typical of youth, demands quite forcefully that those confidential accounts be eliminated from the budget because, by their very nature, they are handled at the whim of officials using them for their own benefit, and even on behalf of a particular candidacy, making them quite dubious.

There is already in the Congress, among a sizable number of deputies, an awareness of the need, if it is impossible to abolish the confidential accounts all at once, at least to cut them substantially. It would cost nothing for the budget funds to appear clearly identified with their destination, because in this way it could be proven whether they were really used for the activities for which they were approved. Similarly, since the abrogation of the requirements for public bidding for works projects executed with state funds, the door has been left open for such projects to end up costing far more than they actually would had they been freely contracted. There are business firms that have been created specifically to monopolize state contracts. Those companies are in the hands of current government officials and their relatives. All of this proves that levels of corruption are being fostered precisely by this irresponsibility with which the General Budget of the Nation is being managed. There is also a strong movement in the Congress seeking no increase in the budget for 1990, but rather a reassignment of budgetary funds, because it is seriously doubted whether the Public Finance Ministry is capable of collecting the estimated revenue. This situation is fostering a growing fiscal deficit, covered by internal and external loans, or by an increase in direct and indirect taxes, contributing to a rise in the cost of living for Guatemalans. It is to be hoped that, this time, the deputies' patriotism will prevail over personal and partisan interests, and that they will not play into the hands of the Executive Branch.

Honduras

Azcona Decrees Minimum Wage Hike of 50 Percent

PY0401195790 Tegucigalpa EL HERALDO in Spanish 29 Dec 89 p 3

[Summary] President Jose Azcona Hoyo yesterday decreed a hike of more than 50 percent in the minimum wage, which currently stands at 6 lempiras per day. This was reported by Labor Minister Rodolfo Rosales Abella, who said that the exact hike will be broadcast to the nation today at 1900 over a national broadcasting network.

* Tax Revenues Total 130 Million Lempiras

90EM0050A Tegucigalpa EL HERALDO in Spanish 20 Nov 89 p 2

[Text] By 31 October of this year, fiscal authorities had taken in 130.5 million lempiras, an 8.5-percent increase over the same 10-month period of last year, according to acting tax director Jose Figueroa.

The official said that sales taxes amounted to 125.4 million lempiras, while the selective consumer goods tax yielded 3.5 million and inheritance taxes 1 million.

Figueroa said that the increase over the 10-month period of this year compared with 1988 amounts to 12.5 million for sales taxes and 10.9 million for the selective consumer goods tax, while the tax on inheritances, legacies, and donations dropped by 46 percent.

For the remaining 2 months of the year, an increase is anticipated in the sales tax, consumer goods tax, and, although smaller, in the tax on inheritances, legacies, and donations.

Based on the country's economic situation, fiscal authorities think "we have been successful," Figueroa said.

Regarding the collecting of late income tax from businesses and individuals, a joint effort is under way with the Office of the Attorney General to set up a process facilitating legal claims.

It is hoped there will be greater efficiency in legal collections so as to avoid the practice of negotiating with debtors. After all, when "we take the step of legal collection, the transaction does not occur because we have already taken that step, and if the process goes as far as the Office of the Attorney General, it is because administrative collection did not work," the official said.

* BCIE Funds Rural Electrification Project

90EM0050C San Pedro Sula TIEMPO in Spanish 9 Sep 89 p 3

[Text] Yesterday the government signed a $25-million credit with the Central American Bank of Economic Integration (BCIE) for partial financing of the Rural Electrification Project.

Representing the Honduran Government at the loan signing was the head of Secopt [Secretariat of Communications, Public Works, and Transport], Alejandro Castro Ruiz; Deputy Minister of Treasury Carlos Rivera Xatruch; Secplan [Secretariat of Planning, Coordination, and Budget] Vice Minister Rogelio Ortega; Ramiro Zuniga Soto, manager of the National Enterprise for Electric Power (ENEE); and other officials. The BCIE was represented by its president, Rolando Ramirez Paniagua, and institution directors.

The $25 million are from a Mexican line of credit and are granted to Honduras for 15 years with a 3.5-year grace period. They make up 80.5 percent of the $31.1 million that the Rural Electrification Project will cost.

The loan will be used for the design, supply, and construction of approximately 1,083 km of subtransmission lines and some 408 km of distribution lines, benefiting 160 communities in a total of 11 departments.

Engineer Ramiro Zuniga Soto said that 80 percent of the country will be electrified with the BCIE funds, but they will also be used to purchase materials, fittings, and lamps needed by the ENEE.

Castro Ruiz said that completion of the Rural Electrification Project will be one of the great achievements of this government because it will aid development of the country.

* Japan Signs Technical Cooperation Agreement

90EM0050B Tegucigalpa LA TRIBUNA in Spanish 31 Oct 89 p 28

[Text] The governments of Honduras and Japan have agreed to continue technical cooperation extension work for the Agricultural Development Training Center (CEDA) from 1990 to 1992.

The agreement states that the Japanese Government's cooperation includes gifts of modern equipment, scholarships to study irrigated agriculture in Japan, sending irrigation experts to Honduras, and other services.

In return, our country will provide skilled personnel, expand facilities, and be responsible for other logistical support needed to carry out the agreement.

From the beginning, CEDA has trained over 600 organized and independent farmers in the use of irrigation, in addition to a large number of civil engineers and specialists in agricultural sciences working for various government agencies.

The center was built in the Comayagua Valley because it is suited to irrigated agriculture. It is also a pioneer in irrigation systems in the country and its strategic location allows for extensive transfers of technology to other departments.

CEDA director Napoleon Reyes Discua has announced that the country has an irrigated farming potential of 400,000 hectares, and the application of such systems can result in two or three cycles of production for crops consumed domestically or exported.

Reyes Discua said that the Training Center's facilities commenced operations in 1983 with nonrepayable financial aid from the Japanese Government and has proved to be very promising.

Top Honduran and Japanese officials agreed to begin preparations to set up that institution based on natural resources in the most important area of irrigation in Central America and the Caribbean.

The agreement was signed by Deputy Minister of Natural Resources Jose Montenegro B., representing Minister Rodrigo Castillo Aguilar, and Tadashi Hashimoto, for the Japanese Ministry of Agriculture, Forestry, and Fisheries.

Nicaragua

Ortega Says 'No Reason' for Troops To Remain

PA0501032790 Paris AFP in Spanish 2133 GMT 4 Jan 90

[Text] La Libertad, Nicaragua, 4 Jan (AFP)—Nicaraguan President Daniel Ortega today demanded the "immediate withdrawal" of U.S. troops from Panama, after considering that the departure of deposed General Manuel Antonio Noriega eliminates the "pretext" for the need to keep the U.S. military troops in Panama. "Noriega is already in the hands of the U.S. Government; therefore, there is no reason for its troops to remain in Panama," Ortega said during a political meeting held in La Libertad, his hometown, 120 km southeast of Managua.

Ortega avoided using any qualifying adjectives in referring to Noriega's surrender to the U.S. troops, which took place on 3 January. However, he said "apparently there were negotiations" for that purpose.

Insisting that "Noriega's capture was the pretext to justify the invasion" of Panama on 20 December, Ortega demanded the "immediate" withdrawal of the U.S. troops from Panama "to give Latin Americans more peace of mind."

Vice President: Cuba May Be 'Left All Alone'

PA0401192190 Managua Radio Catolica in Spanish 1130 GMT 4 Jan 90

[Text] Vice President Sergio Ramirez Mercado has said that the changes that are taking place in the Eastern European countries will have a strong impact on Cuba. Cuba may be left all alone, he informed newspaper LA CRONICA.

Ramirez said that Cuba has always been a member of the CEMA and a strategic USSR ally, which is where it differs from Nicaragua. We have never been part of the CEMA, we never had a centralized economy that would allow such involvement, and we have never been a USSR military ally like Cuba has been over the years.

Meanwhile, the changes that are taking place in Eastern Europe have been imposed on the Warsaw Pact, and have even led to an official declaration to the effect that the intervention in Czechoslovakia was an objectionable mistake. These are very deep changes that also imply a reorganization of those countries' international relations. It also means that the ruble will become a currency exchangeable on the market, which will increasingly regulate economic life. All of these changes must undoubtedly affect Cuba. Otherwise, Cuba is going to be left alone defending what Fidel considers his principles.

The perception is that Fidel believes very firmly in his principles. During one of his latest speeches, Fidel said that Cuba could stand alone and defend its socialism, Sergio Ramirez Mercado said.

Sandinist Leader Killed in Jinotega

PA0401142790 Managua Radio Sandino in Spanish 1235 GMT 4 Jan 90

[Text] Our correspondent in Jinotega reports that last night at 2115 there was heavy shooting and explosions on the outskirts of Jinotega. Machine-gun bursts and explosions of M-79 grenades were heard during a criminal attack against Tomas Salgado in the German Pomares Ordonez neighorhood.

Salgado, a prominent Sandinist leader in the San Rafael del Norte Absinia and Jinotega areas, died as a result of the shooting. The people of Jinotega reported to their respective battalions for combat duty in view of the shooting. They joined soldiers in the search for the killers of the Sandinist leader.

Panama

Cuban Envoy's Home Surrounded; Diplomat Detained

PA0401173890 Panama City ACAN in Spanish 1706 GMT 4 Jan 90

[Text] Panama City, 4 Jan (ACAN-EFE)—U.S. troops in combat gear today surrounded Cuban Ambassador Lazo Mora's residence in Panama City and arrested Cuban diplomats.

The ambassador's wife, Maria Elena de Mora, told ACAN-EFE over the telephone that the U.S. troops took Cuban diplomat Victor Fernandez Gonzalez away in an armored personnel carrier.

Sources close to the Cuban Embassy in Panama said that there are 19 children and 29 women inside the residence, located in an exclusive neighborhood in the capital, along with other Cubans who today expect to travel to Havana after the U.S. invasion on 20 December.

The sources added that all the people inside the residence are relatives of the Cuban mission's personnel.

The same sources said the U.S. troops set up a military operation this morning and that they have taken up combat positions.

It was reported in Havana that an airplane will arrive in Panama City today coming from Cuba to pick up the Cuban diplomats' relatives and others who traveled to Panama before the U.S. invasion, Cuban Foreign Ministry sources confirmed.

The official sources said there is currently a group of Panamanian refugees at the Cuban Embassy in Panama, but they will not travel to Havana for the time being.

Cuban Vice Foreign Minister Ricardo Alarcon recently said that people loyal to Manuel Antonio Noriega's ousted government who are still at the Cuban Embassy in Panama City "are not many or important."

Diplomat Reportedly Freed

PA0401195290 Panama City ACAN in Spanish 1851 GMT 4 Jan 90

[Excerpt] Panama City, 4 Jan (ACAN-EFE)—Sources close to the Cuban Embassy have reported that Cuban diplomat Victor Fernandez Gonzalez was freed about 3 hours after he was detained this morning by U.S. military men who took him away in an armored vehicle. He was released at about midday.

Cubans Request Safe-Conduct Passes for Refugees

PA0501023390 Panama City ACAN in Spanish 0121 GMT 5 Jan 90

[Text] Panama City, 4 Jan (ACAN-EFE)—A "Cubana de Aviacion" plane left the Panama international airport tonight bound for Havana with 62 Cubans aboard who were being evacuated after staying 15 days at the Cuban Embassy in Panama.

The plane took off at 1825 with 22 children and 20 women aboard. The rest of the passengers included men, officials of the Cuban Embassy in Panama City, and Cuban citizens stranded in Panama City since the beginning of the U.S. invasion.

The Cubans' evacuation took place in coordination with the U.S. authorities, whose troops besieged the Cuban Embassy in Panama for several days and who are controlling the international airport.

Cuban Embassy sources told ACAN-EFE that the Cuban Government has requested safe-conduct passes from the Panamanian authorities for the 27 Panamanian citizens who are refugees at the Cuban mission. Thus far, they have received no response.

Cuban diplomat Victor Fernandez Gonzalez was detained in Panama by U.S. soldiers for over 2 hours during the procedure to arrange the evacuation.

Asylum in Spain Possible for Captain Gaitan

PA0401175490 Panama City ACAN in Spanish 1719 GMT 4 Jan 90

[Text] Panama City, 4 Jan (ACAN-EFE)—The Spanish Government has granted asylum to Captain Eliecer Gaitan, former chief of General Manuel Antonio Noriega's bodyguards and the man who accompanied Noriega during his asylum, reported by an Apostolic Nunciature source.

The source said contacts are being made so Gaitan may travel to Spain. However, the source added, airplane connections are still very irregular.

Gaitan has accompanied Gen. Noriega, who last night surrendered to the U.S. Armed Forces, since he sought asylum at the Apostolic Nunciature on 24 December, 4 days after the U.S. invasion.

The nuncio, Spaniard Sebastian Laboa, told ACAN-EFE that Gaitan's contribution was decisive in the removal of all the weapons Noriega brought when he showed up at the Vatican's Embassy.

Former Police Chief Colonel Nivaldo Madrinan; an official of the previous Panamanian Government and her husband; four Spanish citizens who are members of the Basque terrorist group ETA; and one of the ETA members' wife are still at the nunciature in addition to Gaitan.

Conditions of Asylum

PA0401201690 Panama City ACAN in Spanish 1826 GMT 4 Jan 90

[Text] Panama City, 4 Jan (ACAN - EFE)—Captain Eliecer Gaitan, who has taken refuge in the nunciature and asked for asylum to Spain, can travel to Spain only "if Panama does not present charges against him and if the U.S. Army gives him a safe-conduct pass," Spanish Ambassador Tomas Lozano Escribano said today.

"In that case, Gaitan will be able to travel to Spain as an ordinary traveler," the ambassador told ACAN-EFE.

If the former Panamanian captain is able to travel to Spain, "the decision about his status will be made there," Lozano added.

A source of the nunciature today said that Spain had already granted asylum to Gaitan, but this was denied by Ambassador Lozano.

Gaitan had been accompanying General Manuel Antonio Noriega since he took refuge in the nunciature on 24 December, 4 days after the U.S. Army's invasion. Noriega turned himself in to U.S. forces last night.

The nuncio, Spaniard Sebastian Laboa, has disclosed that Gaitan's contribution was decisive in removing all of the weapons Noriega had brought into the Vatican Embassy.

Former DENI Chief Madrinan Held at Army Base

PA0401183090 Panama City Circuito RPC Television in Spanish 1807 GMT 4 Jan 90

[Text] It has just been reported that former Lieutenant Colonel Nivaldo Madrinan, former chief of the National Department of Investigation, DENI, has been arrested and is being held by the U.S. Southern Command in Fort

Clayton. We repeat, former Lt. Col. Nivaldo Madrinan, former DENI chief, is being held at Fort Clayton in the canal area.

Arias Notes Happiness Following Noriega Arrest

LD0401232890 Madrid Domestic Service in Spanish 2200 GMT 4 Jan 90

[Excerpt] The fall of the dictator Noriega has, in the words of Vice President Arias Calderon, restored happiness to the Panamanian people. Our special correspondent reported the same thing. In statements to Manuel Alcala, Spanish television correspondent in Central America, the vice president of Panama put his trust in U.S. justice for the defeated dictator in these words:

[Begin Calderon recording] The fact that the dictatorship of General Noriega has now ended for good means enormous joy for the Panamanian people. He will no longer be able to do us any further harm. Justice will take care of him. [end recording]

Reorganizing the country, in particular the security forces, is one of the priority tasks of the new government. According to Arias Calderon, Panama does not need an army of its own.

[Begin Calderon recording] We do not need an army. What we need is a public force to fulfil the specific functions of a police force in a modern, expert, professional way, but we do not need an army. We are setting up a public force, not an army. [end recording]

The persistence of arms in the hands of members of the Dignity Batallions—Noriega's armed groups—led the government to fear guerrilla actions, although they will continue to have U.S. assistance for as long as necessary to face that threat.

[Begin Calderon recording] Noriega had turned Panama into an arsenal of arms distributed to irregular, paramilitary forces. Over 70,000 weapons have been found, some of them of a very heavy calibre, and it can be assumed that many more are as yet unfound. [end recording]

Vice President Arias Calderon says, furthermore, that the political background of the problem—that is, the return of the canal at the end of the century—continues to be an objective for the present government presided over by Guillermo Endara.

[Begin Calderon recording] We are committed, as we have always said, to fulfilling the Torrijos-Carter treaties and to our fulfilling, when 1999 arrives, what is a historic, long-standing ambition of the Panamanians. [end recording]

Linares Says Noriega Surrender 'Best Solution'

PA0501034790 Panama City Circuito RPC Television in Spanish 2355 GMT 3 Jan 90

[Text] The best thing Manuel Antonio Noriega could have done for Panama was to turn himself over to U.S. authorities, Foreign Minister Julio Linares has stated.

[Begin recording] [Linares] When a person takes asylum at a diplomatic mission or requests asylum at a diplomatic mission, that person can leave that mission at any given moment. Evidently, on leaving that diplomatic mission of his own will, he runs the inherent risk of being outside the diplomatic umbrella. In other words, the person immediately leaves the protection of that mission. In the case of General Noriega, the same principle applied the moment General Noriega decided to surrender to U.S. forces here in Panama. In the opinion of the Foreign Ministry, that was the best solution that we could have found to the problem that was created by his stay at the nunciature.

I say that was the best solution, because by surrendering to the United States.... [changes thought] or better yet, had the United States taken an action to try to get Noriega out, obviously it would have been the target of world criticism. However, if Noriega had turned himself over to Panama, as I stated in my news conference yesterday, the Panamanian Government would not have been in any position to guarantee General Noriega a proper trial or to guarantee his personal safety and, perhaps, we could not have prevented him from escaping. His surrendering, of his own volition, to the U.S. authorities to respond to the charges that have been brought against him there is a voluntary act to which we do not object. On the contrary, I think it is an opportunity to resolve the matter without further traumas.

I will take the opportunity to say that, in this sense, the Panamanians must be very grateful for the role played by the apostolic nuncio. With constant efforts, worthy of emulating, he managed to convince Gen. Noriega that the best way out, both for him and for all the countries involved, was the one he adopted last night. The role played by the Panamanian Government regarding those persons who have taken asylum at the Cuban Embassy is the same role it would play regarding persons who take asylum at any embassy.

I believe that yesterday—or the day before yesterday—I received a notification from the Apostolic Nunciature, whereby the Cuban Embassy in Panama advised us of the names of the persons who had taken asylum at the Cuban Embassy. This was done through the Apostolic Nunciature, because the Cuban diplomatic mission in Panama evidently does not want to have any direct contact with the Foreign Ministry.

[Reporter] Who, or what factor, convinced Noriega to turn himself over to the U.S. troops?

[Linares] I think the important factor was that Noriega felt safer in the hands of the United States than in the hands of Panama.

[Reporter] Mr. Minister, a few moments ago ambassadors of various countries of the European Economic Community [EEC] left the Foreign Ministry. What was discussed with them? Also, have other countries recognized the government of Guillermo Endara?

[Linares] The ambassadors of the EEC countries met with me and had a long conversation with me to reiterate the EEC countries' support for the government of President Endara. They not only expressed this to me, but asked in what way they could contribute to aid Panama in an effective manner. I told them that I would immediately contact the respective organizations and advise them of how they can help us. [end recording]

Government Denies Agreement on Noriega Family

PA0501042590 Paris AFP in Spanish 2022 GMT 4 Jan 90

[Text] Panama City, 4 Jan (AFP)—The Panamanian Government today denied there is any agreement with deposed General Manuel Noriega to allow his family to receive asylum in Cuba or the Dominican Republic.

"There has been no formal communication from the Cuban Government," on the alleged transfer to Havana of several of Noriega's relatives who sought asylum at the Cuban Embassy in Panama, Vice President Ricardo Arias Calderon reported today.

Arias, who is also government and justice minister, added that he is not aware of any "deal" between the U.S. authorities and General Noriega regarding asylum for his family, who reportedly want to travel to the Dominican Republic.

A Cuban Embassy spokesman said the Panamanian Government has not notified the Cuban Embassy if it has granted a safe-conduct pass for Noriega's wife, Felicidad Sieiro, and the three daughters of the general, who sought refugee at the embassy, to travel to Havana.

An Ilushin plane was expected today in Panama to transfer 22 diplomats in transit and 42 relatives of Cuban Embassy personnel, including women and children.

There are 23 people, including Noriega's family at the Cuban Embassy and at the residence of Cuban Ambassador to Panama, which remain surrounded by U.S. troops.

Details of Noriega's Final Hours at Nunciature

PA0401200190 Panama City Circuito RPC Television in Spanish 1730 GMT 4 Jan 90

[Text] Last night Apostolic Nuncio Sebastian Laboa, through protracted talks with the former military commander, managed to get General Manuel Antonio Noriega to surrender to U.S. troops—after disarming him with the help of another Panamanian officer, who was also a refugee at the nunciature.

Laboa told ACAN-EFE that the most delicate part was taking away the weapons with which he had entered the nunciature on Christmas Day, after fleeing from the U.S. Army, which had invaded Panama 4 days earlier to capture him.

During almost 10 days and 9 nights, Laboa accomplished what seemed impossible: Getting Panama's former strongman to gradually lower his resistance and surrender to the U.S. troops.

At the beginning of the talks, Laboa's main concern was the weapons that Noriega and the other officers brought into the nunciature. However, he recovered them gradually and gave them to the U.S. troops surrounding the nunciature.

On 3 January, however, shortly before convincing Noriega that the only way out was to surrender to justice, Laboa discovered that the general had hidden a submachine gun under the bed in his room, from which he hardly ventured out because he felt increasingly cornered and depressed.

Laboa said the help of Captain Eliecer Gaitan, Noriega's security chief, was instrumental in seizing the weapon. Gaitan, a young officer who was also in refuge at the embassy, has asked for political asylum in Spain.

Laboa told ACAN-EFE that about 2 hours before the general surrendered to U.S. justice, Gaitan went into Noriega's room and removed a submachine gun and several clips that were hidden under the mattress.

On 3 January, a Panamanian monk following Laboa's orders searched Noriega's clothing and found a knife, which was also removed.

The search was conducted to prevent Noriega, after allegedly agreeing to surrender, from taking anyone hostage at the last moment or from trying to escape. This would undoubtedly have provoked the intervention of the U.S. elite troops deployed around the nunciature.

Laboa said this mission was the most difficult one of his life. He was referring not only to recovering the weapons, but also to convincing Noriega to surrender to his worst enemey, the U.S. Southern Command.

When asked about the reasons that led the general to surrender, Laboa said all doors were closed to him, especially asylum in a third country, for which there was no passport.

Laboa said that he convinced Noriega that he would no longer be safe anywhere. Laboa denied the existence of any conditions other than those presented by the bishops of Panama—that Noriega's life would be spared and he would have a fair trial.

No one would have believed that Noriega would agree to leave the nunciature in a U.S. military vehicle, later board a U.S. helicopter that would take him to a U.S. Air Force base in the United States, and later appear before a Miami judge.

The day after Noriega entered the nunciature, Laboa had said that only Noriega's voluntary surrender would guarantee the Vatican's two goals, to deliver Noriega and not to violate the Holy See's sacrosanct right to asylum.

The task seemed impossible. Many Panamanians believed it was a trick by the nuncio to prolong Noriega's stay in the nunciature. Very few diplomats believed that it would be possible to overcome Noriega's fear and stubbornness.

On hearing the news of Noriega's surrender, an ambassador closely linked to the nuncio said Laboa has a great gift for helping terminally ill patients die. He praised the slow process of convincing Noriega undertaken by the nuncio during 10 days.

Two decisive figures believed in the nuncio, however. They were General Marc Cisneros, commander of the U.S. troops deployed in Panama, and Julio Linares, the new Panamanian Foreign Minister.

According to diplomatic sources, Cisneros prevented General Maxwell Thurman, head of the U.S. Southern Command, from imposing his will on President Bush. Thurman wanted to enter the nunciature and take Noriega.

Linares prevented President Guillermo Endara's government from giving in to the public outcry and allowing the nunciature to be taken over.

Laboa Describes Noriega Letter to Pope

LD0501092890 Madrid Domestic Service in Spanish 0800 GMT 5 Jan 90

[Text] In Miami, General Manuel Antonio Noriega refuses to recognize the court that has begun to try him and declares himself to a political prisoner. Without taking the spotlight off Noriega, another man has today become the man of the day: the apostolic nuncio in Panama, the Spaniard, Sebastian Laboa. Monsignor Laboa, who spent 11 days with the former general of the Panamanian Defense Forces, and who was with Noriega until the last moment, when he gave himself up to the U.S. forces, now discloses how with his particular combination of diplomacy and (?guile) he managed to find a fitting solution to what he himself has described as a difficult problem.

In statements to the "Spain at Eight" program Msgr. Laboa denied there was any ultimatum for Noriega's departure from the nunciature; the decision was taken freely by the former strongman of Panama, a man who Msgr. Laboa has described as complex and worthy of a very in-depth psychological study:

[Begin Laboa recording] The conviction [that he should leave] came as a result of all the specific circumstances. It is untrue that there was no ultimatum. It cannot be said that the man had such facilities that he was free to choose; there was not a lot of choice, given the pressures, not pressures to leave the nunciature today or tomorrow, but real pressures to see there was no other possibility because the americans were, in my opinion, ready to do anything to get Noriega. [end recording]

According to the apostolic nuncio the proof that Noriega freely made the decision to give himself up to the U.S. forces is to be found in the letter the former general of the Panamanian Defense Forces handed in just minutes before leaving the nunciature, a letter in which he thanks his holiness the pope for the position adopted in this situation:

[Begin Laboa recording] I told him he was free to stay; this was very clear. In fact, this is a scoop for you, what I am saying, because at the moment we are sending over the letter, which is handwritten and which the general has sent to the holy father, thanking him for all the courtesies shown to him in the nunciature. Above all the letter says the nuncio had been really fair and had done what he should have done. [end recording]

Lawyers File Charges Against Noriega, Others

PA0501003790 Panama City Telemetro Television in Spanish 2310 GMT 4 Jan 90

[Text] A group of Panamanian lawyers today presented individual criminal charges against General Noriega, former Attorney General Carlos Villalaz, the former government and justice minister, and various CODEPADI [Committee for the Defense of the Fatherland and Dignity] members. The charges were presented to Attorney General Rogelio Cruz.

[Begin unidentified speaker recording] A group of lawyers and citizens hereby present you with formal charges against various Attorney General's Office officials, who were members of the so-called CODEPADI, who forced their subordinates to give money to finance political activities, and who forced their subordinates to attend political marches and rallies, which is forbidden by our Constitution and Judicial Code. Here are the charges and the corresponding evidence. [end recording]

Attorney General Cruz said the accusations will be investigated within the time frame established by law.

[Begin Cruz recording] We do not want any charges to sit on our desks forever, because justice delayed is not true justice. We will investigate all these charges regardless of whether the accused are or are not Attorney General's Office employees. If the crimes are proved, we will fire those officials. Obviously, we will guarantee the accused the right to enjoy all guarantees of procedural law. They will enjoy the right to have a laywer. They will have the right to present all the necessary evidence on their behalf.

You must take into account that the accused are not the ones who must prove their innocence. The person making the accusation is the one who must prove that the accused is guilty. [end recording]

TV Carries Video of Noriega's Arrest

PA0501001090 Panama City Circuito RPC Television in Spanish 2257 GMT 4 Jan 90

[Report by Julio Miller and Omaira de Leon]

[Excerpts] [Miller] At the request of our viewers, we will rebroadcast the first video footage provided to local and international television on the transfer of Manuel Antonio Noriega from the U.S. Howard Air Force Base to Miami. The video was shot by the U.S. Department of Defense.

Several Drug Enforcement Administration [DEA] agents formally arrested Noriega aboard the military aircraft that flew him to the United States. At the time of the arrest, a DEA agent read him his rights before the plane took off for Florida. He did so in Spanish, the U.S. Department of Justice reported. According to international law, war ships and airplanes are considered the territory of the country that owns them. This unusual arrangement was made to reinforce the official argument that Noriega's arrest took place in U.S. territory, said David Runkel, director of the Office of Public Relations of the U.S. Justice Department. He declined to comment on whether the prosecutors will make deals with some suspects implicated in the drug trade to obtain a larger number of witnesses to testify against Noriega in the two trials against Panama's former strongman.

You are now viewing scenes of Noriega being taken to the United States. The shots were taken at the U.S. Howard Air Force Base last night, when Panama was joyfully awaiting Noriega's transfer to the United States. He must face charges of drug trafficking and introducing drugs into the United States. These shots show details of part of what happened last night at the U.S. Howard Air Force Base. DEA agents arrested Noriega and read him his rights, as the Justice Department officially reported.

The Vatican's nuncio in Panama remarked that during the time Noriega was at the nunciature, he feared Noriega might take his own life. He said: Since Noriega had weapons in the building, I considered all possibilities, even that he might take his own life by taking an overdose of barbiturates. However, those persons with him, who know him well, ruled out that possibility. The nuncio, who was Noriega's host until his departure, talked about the former strongman's stay at the nunciature and recalled that in the first few days he hardly came out of his room, so I could not talk to him. In the final days, he came out of his room more often and talked more with the other Panamanians who were with him.

This is a special Circuito RPC Television broadcast regarding Noriega's case. In a few minutes he will be appearing before a U.S. federal court in Miami. [passage omitted]

Noriega remained in the custody of DEA agents as the U.S. Air Force C-130 Hercules airplane took off from the Howard Air Force Base for Homestead military base near Miami. DEA agents reported Noriega was in a good mood during the trip. A DEA official in Washington said Noriega seemed to be in a good mood after being informed of the entire operation. He was under the custody of two DEA agents, federal agents, and heavily armed military personnel.

The DEA officials said there was some conversation during the 6-hour flight. Noriega asked no questions about the charges against him. Noriega apparently met this morning with his lawyers, as this afternoon he has to appear before the Miami Federal District Court. [passage omitted]

Arias Calderon Views Makeup of Public Force

PA0401180290 Panama City ACAN in Spanish 1556 GMT 4 Jan 90

[Report by Antonio Martinez]

[Text] Panama City, 4 Jan (ACAN-EFE)— Vice President Ricardo Arias has stated that Panama's new Public Force will not be an army. However, it will be "something more than a simple street police," because there are "factors of insecurity" such as armed groups of the former regime and the fact that the reaction of Cuba, and Nicaragua still remains a question.

Interviewed by ACAN-EFE, Arias said there will be a need for more "public order personnel with greater potential, better training, and weapons," to face "enemies with weapons that are bigger than those used by common criminals." These personnel will always operate under the control of civilian authorities and will guarantee respect for human rights.

The vice president stressed that there are "security factors" that cannot be ignored. He added that many Panamanians who are calling for a Public Force like the "whistle and club-type of police," as Panamanians called them in the past, are forgetting these factors because of the presence of the 26,000 U.S. soldiers who invaded the country.

"How many weapons remain in the country? More than 70,000 have already been captured, but everything seems to indicate that there are more. How many networks of paramilitary contacts, and how many ex-paramilitary members who made up the Dignity Battalions are still awaiting detention? Perhaps they are not active right now, but they are still there," Arias said.

"What attitude will Colombian drug traffickers have once they realize that they no longer have the complicity

of those who controlled this country before? What attitude will Nicaragua and Cuba, in particular, assume in the face of the new Panamanian situation?," Arias asked

According to Arias, who is also the government and justice minister, in addition to the creation of a police and traffic force, these questions pose the need for specialized "mobile, multiple-use units," which according to Presdient Guillermo Endara will gradually be established.

Therefore, he explained, "there will be no air force like the one (Manuel Antonio) Noriega had with luxury and combat planes, which were unnecessary." However, he said the government is thinking of creating an air transportation unit for the Public Force.

Arias emphasized that the new Panamanian Government has not received "a single recommendation" from the United States as to who should be a member of or who should command this Public Force. However, he added, it has received "much information" from the U.S. Army as to "the low world of corruption and violence that Noriega created."

Arias told ACAN-EFE: "For example, the case of the resignation of Colonel Roberto Armijo, the first Public Force commander, who was in office for 2 weeks, was a decision strictly made by the president of the republic and I." "The reason for changing Armijo," he continued, "has nothing to do with differences between the government and the Public Force, nor with differences regarding the concept under which the force has been structured. It has to do with Col. Armijo's personal finances, which merit an investigation."

Armijo, the only colonel from the Panama Defense Forces [FDP] to be brought into the Public Force, was replaced by Lieutenant Colonel Eduardo Herrera, who returned to the country shortly after the invasion after having lived 2 years in exile in Miami because of differences with Noriega.

Of Noriega's general staff, composed of 6 colonels and 14 lieutenant colonels, only 3 of the latter are members of the Public Force and, according to Arias, the Cabinet council will soon announce new dismissals and retirements.

"This is proof that the selection process has not been careless," the vice president said.

"Another important element is the reentry of a very significant number of officers whom Noriega pursued, jailed, and tortured," Arias said.

To the vice president, these officers, arrested after various coup attempts against Noriega, inspire confidence because "they have suffered under Noriega personally."

Arias announced that various sections of the former FDP will be demilitarized, including the National Department of Investigation (DENI), which will be turned into a technical judicial police force dependent on the Attorney General's Office and not on the Public Force.

Other areas that will also be demilitarized are the immigration service, the Transportation Directorate, the Department of Engineering and Civic Action ("which was a true ministry parallel to Public Works"), the penitentiary system, and even the body of military chaplains, whose designations will no longer be made by the chief of the Public Force as in the past.

Arias gave ACAN-EFE assurances that the Public Force's organization is governed by two basic objectives: the first is that the military regime "that we experienced over the past 20 years must never repeat itself," and the second is to have an armed institution that will protect the people from risks greater than those posed by common crime.

"At this moment," Arias added, "the people are more aware of the first goal than the second because the U.S. troops are here."

However, the U.S. Army must end its occupation "as soon as the Public Force is formed and functioning," so the Panamanian people will "never have to experience another intervention in the future," Arias said.

Supreme Court Plenum Announces New Measures

PA0501043590 Panama City Televisora Nacional in Spanish 2320 GMT 3 Jan 90

[Text] During a news conference held this afternoon at the headquarters of the judiciary office in Ancon, the Supreme Court Plenum announced that some urgent measures will be taken in regard to the operation of the judicial tribunals throughout the Republic.

The Supreme Court Plenum, which met in the office of the Maritime Tribunal in Ancon, announced through its president, Carlos Lucas Lopez, the suspension of the judicial process from 5-8 January 1990 at all the tribunals of the Republic.

In the same way, it ordered the resumption of judicial activities throughout the Republic effective 10 January 1990. Also suspended for a period of 10 working days, from 10 January until 23 January, are all the cases that were under way in the judicial offices that were destroyed.

The judicial offices of the superior tribunal of the 3d Judicial District and offices of judges of the Chiriqui Province circuit will remain closed during the time stipulated in the article mentioned above. All of these provisions were reached as a result of the incidents that occurred since 20 December 1989.

[Begin recording] [Magistrate Lucas Lopez] On accepting the posts of magistrates of the Supreme Court of Justice, with which the administration headed by President Guillermo Endara Galimany has honored us,

we are aware of the serious responsibility we assume today. This court must return credibility to Panamanians, as well as confidence in the Constitution, the law, and the administration of justice, as this is the only means of promoting the country's development and preserving peace and national calm. This is a difficult task for those of us who have inherited a country that is in ruins, not only materially and economically, but also morally and institutionally. The extreme actions of illegality that made their way into our fatherland are well-known by all the Panamanians who had to endure them under the most desolate legal abandonment. [end recording]

Manfredo Says Two Canal Deputies Temporary

PA0401135090 Panama City Circuito RPC Television in Spanish 2345 GMT 2 Jan 90

[Text] Fernando Manfredo, provisional Panama Canal administrator, said the following to the press today:

[Begin Manfredo recording] Personally, I feel very satisfied that I made a decision although it caused me so many problems, brought on threats, and even resulted in my being called a traitor. However, if I had not accepted, today there would be a U.S. citizen speaking to you here, not a Panamanian. I feel that I have done my duty to Panama and to Panamanians because to us, this is a historic and important date within the Panama Canal treaty.

I would also like to announce that as of 1 January we have two deputy administrators: one in charge of operations, Mr. Laverty; and the other in charge of administration, Mr. Woods. I will explain the reason for the Board of Directors having divided this job into two.

During the period of political unrest there was so much work that we could not devote enough time to the commission's affairs. Therefore, this measure was adopted in an effort to reinforce the office of the administrator and to provide a broader base of support for the acting administrator.

This is a temporary situation. My position as acting administrator is also temporary. [end recording]

Manfredo also gave us insight into the possible topics to be discussed at the coming Board of Director's meeting.

[Begin Manfredo recording] The Panamanian members appointed by the previous government will attend the Board of Directors meeting, unless they are replaced before that date.

Panama will have to appoint new Board of Directors members. This process involves bureaucratic red tape, and it is possible that it will not be completed by the end of this month. However, in that case, and following an established procedure, they will be invited to attend the meeting as observers. Most probably, a light agenda will be drafted because of the situation, and more imporant matters will be left for a later meeting.

If Panama has proposed new members of the Board of Directors and they have not yet been appointed as such, they will attend as observers. The Board of Directors' meeting will be more concerned with informing than debating. [end recording]

New Ambassador to OAS Presents Credentials

PA0401171690 Panama City Telemetro Television in Spanish 2300 GMT 3 Jan 90

[Text] Lawrence Chewning Fabrega, the new Panamanian ambassador to the OAS, presented his credentials today. When he delivered his credentials, Chewning Fabrega said that he felt special pride to be the first Panamanian representative in the past 20 years to represent a democratic government chosen by the Panamanian people.

The new Panamanian ambassador announced that in the first regular meeting he will refer to many other matters that he could not discuss because of protocol. He also mentioned the moral committment that his compatriots and the OAS member countries have with his government.

Chewning Fabrega promised to fight for social justice and the freedoms of the courageous Panamanian people, who are now free from an oppressive regime that had denied them the most basic principles of human coexistence.

New Labor Minister Jorge Rosas Assumes Post

PA0401125390 Panama City Circuito RPC Radio in Spanish 1200 GMT 3 Jan 90

[Text] During an official ceremony, Jorge Ruben Rosas assumed his post as Panamanian labor minister. Rosas was appointed by President Guillermo Endara.

During the ceremony, Labor Minister Rosas said he will conduct a policy closely linked with the essence of the employers - employees relationship and with a strict sense of equity and social justice.

Minister Rosas presented his work team, composed of Deputy Labor Minister Gilberto Sucre, Labor Legal Adviser Oscar Ucros, Labor General Director Sheila Castillo, Minister's Adviser Juan Jose Tunon, Secretary General Raul Adames, and Secretary Ines de Carrera.

Panama City Radio, Television, Press Affiliations

WA0401225189

[Editorial Report] FBIS has observed the following changes in Panamanian media since 20 December 1989: Panama City television

Televisora Nacional (Channel 2) is being operated by the new Panamanian Government. The main stockholder of Channel 2 is former Democratic Revolutionary Party (PRD) presidential candidate Carlos Duque, a close associate of General Manuel Antonio Noriega.

Circuito RPC Television (Channel 4) and RPC Radio assets were impounded by the Noriega regime in August 1989, and the stations were returned to the owners, the Eleta family, on 21 December 1989. RPC's reporting is independent, but it is supportive of the new government.

Telecinco Television (Channel 5) is being run by the new government. Prior to coming under the control of the new government, the station was operated by David Amado, a close associate of General Noreiga. Channel 5 was seized by the Noreiga regime in February 1988 from former President Eric Delvalle.

Sistema de Television Educativa (Channel 11) is an educational station operated by the government. The station returned to the air on 4 January for the first time since 20 December. The 4 January broadcast consisted of the station's usual educational, entertainment, and cultural programming.

Telemetro Television (Channel 13) is owned by N. Gonzalez Revilla. The station has always been considered independent; since the U.S. operation its reporting style has again assumed an independent position. Panama City radio

La Voz de la Libertad, a clandestine radio station that first started broadcasting on 20 December using the name La Red Patriotica de Divulgacion de la Verdad to Panama until 4 January 1990, operates mainly on 1160 kHz. However, sometimes it transmits on 550 kHz, the frequency formerly used by Radio Verbo, which reportedly is owned by General Noreiga. The station is progovernment.

Radio Soberana Civilista (570 kHz) was formerly known as Radio Uno Soberana. On 27 December the station returned to the air with its new name, announcing that the station was again "in the hands of its legitimate owner," Alonso "Bucho" Pinzon. The new Panamanian Government took custody of the station on 3 January and will investigate to determine rightful ownership. Prior to the invasion, Soberana, owned at that time by Gaspar "Toti" Suarez, was one of the most vocal proregime, anti-American stations operating in Panama.

Radio Mia's (650 kHz) network announcements identify the station as "Radio Mia Cadena Nacional." Prior to the U.S. operation, Radio Mia was considered proregime, but since the operation the station has carried more independent reporting and commentaries. The owner, Ramon Pereira, tends to favor whoever is in power at the time and the station's programming reflects his political leaning.

Circuito RPC Radio (610 kHz, 90.9 MHz FM, and 97.1 MHz FM) has the same editorial line as the television station. RPC is considered one of the most popular stations in Panama.

Radio KW Continente (700 kHz), closed by the Noreiga regime, was the first station to resume broadcasting after the U.S. operation, returning to the air on 28 December. It has continuously broadcast in parallel with Radio Sonora (1120 kHz) and Estereo Linda (103.1 MHz) since it resumed broadcasting. The station's studio was colocated with Radio Sonora's and another station's (whether it was Estereo Linda's is unknown) when it was closed by Noreiga, so the continuous paralleling may be a result of the stations sharing the same studio. The radio is pro-government.

Radio Sonora (1120 kHz) has been on the air each day, with the exception of 1 January, since 26 December. Prior to the U.S. action, the station would transmit for only brief periods, one or two days, and then discontinue transmissions for extended periods of time.

La Exitosa (1270 kHz) resumed operations on 2 January using the transmitter of Radio Alegre, its sister station. The station's assigned transmitter frequency is 740 kHz, but the station's electronic equipment was confiscated when the Noreiga regime closed the station last October. La Exitosa is one of the most popular stations in panama. Reporting has been progovernment.

Radio Monumental (990 kHz) has been off the air since 23 December. It is owned by former Minister of the Presidency Manuel Solis Palma. The new Panamanian Government placed the station under its custody on 3 January until it can determine rightful ownership.

Radio Ritmo (1020 kHz) has been on the air each day since 26 December. Prior to the U.S. operation the station s owner was Ruben Dario Murgas, formerly director of Radio Nacional. The government took custody of the station on 3 January to determine rightful ownership. Before 20 December, the station was considered pro-regime.

Radio America (1380 kHz) also has been on the air each day since 26 December. The station broadcasts a morning newscast simultaneously with Radio Ritmo, a practice that predates the U.S. action. The owner is former Noreiga regime Justice Minister Rodolfo Chiari de Leon, but the new Panamanian Government took custody of the station on 3 January to determine rightful ownership.

Panama City Domestic Service (Radio Nacional, 840 kHz) broadcast its last transmission on 21 December and remains off the air. Vice President Ricardo Arias Calderon said on 27 December that "in the case of the state radio station (Radio Nacional), it is not in a position as yet to resume operations, because of practical and security reasons."

The new Panamanian Government has taken custody of the following Panama City radio stations: Radio America, Radio Ritmo, Radio Verbo, Radio Soberana Civilista, Radio Monumental, Radio Cadena Millionaria (1350 kHz, on the air since 23 December), and Radio Musical (870 kHz, off the air since since at least 20 December). The new government has taken custody

of a total of 10 radio stations, but it is unknown if the three stations not listed above are affiliates of those already listed.

The editorial slants of the following Panama City radio stations are not known at this time, but these stations were considered pro- Noreiga before the invasion: Onda Popular (960 kHz), Radio Tic Tac (1080 kHz), and Radio B.B. (1240 kHz). No station has voiced open opposition to the new government.

In addition to the above stations, Radio Guadalupe (1290 kHz), considered an independent station prior to the U.S. action, has been broadcasting on a consistent basis since 26 December. The three religious stations, Radio Hogar, the Catholic radio station on 670 kHz, and the Protestant radio stations La Voz del Istmo on 760 kHz and Hosanna Radio on 1510 kHz, have returned to their normal broadcasting patterns.

Many of Panama City's FM stations have resumed their normal broadcasting patterns. Most of these stations either relay programs of their sister mediumwave stations or have popular or latin music formats. Panama City press

LA ESTRELLA DE PANAMA, which was pro-regime prior to 20 December, now supports new President Endara's call for national reconciliation. It no longer carries the unsigned pro-regime column "The Griper," which was attributed to several of Noreiga's staunchest defenders. There has been no change in the publishing or editoral staff. The newspaper's publisher is Tomas Gabriel Altamirano Duque, who was Noreiga's hand-picked candidate for Panama Canal administrator.

EL SIGLO, closed by the Noreiga regime on 6 February 1988, returned to the newstands on 29 December. There are no changes in either the publishing or editoral staffs. It has resumed its belligerently anti-Noreiga editorial and reporting line.

LA PRENSA and EXTRA were expected to resume publication on 3 January, but neither has been published as of 4 January.

The Editora Renovacion, S.A., which published the pro-regime newspapers MATUTINO, CRITICA, and LA REPUBLICA, has been returned to its rightful owners, Gilberto Arias and Rosario Arias de Galindo. The owners have announced that two newspapers, EL PANAMA AMERICA and CRITICA LIBRE, will be on the newsstands starting 5 January.

Argentina

UK Lifts Shipping Restrictions in Falklands Zone

PY0301153190 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1510 GMT 3 Dec 90

[Text] Buenos Aires, 3 Jan (NA)—Foreign Minister Domingo Cavallo reported at noon today that "on 2 January the UK lifted navigational restrictions for Argentine merchant vessels" in the military exclusion zone that it has imposed around the Malvinas Islands.

On leaving the Economy Ministry, where he met with Economy Minister Antonio Erman Gonzalez, Cavallo added that this unilateral decision by the British Government is "a result of the rapprochement between Argentina and the United Kingdom."

Economy Minister Details Economic Measures

PY0401133790 Buenos Aires Domestic Service in Spanish 0100 GMT 4 Jan 90

[Report on news conference by Economy Minister Antonio Erman Gonzalez at Government House in Buenos Aires on 4 January]

[Text] [Announcer] Economy Minister Antonio Erman Gonzalez has held a news conference to explain some of the recent economic measures. Marta Lopez will give us further details on the minister's meeting with reporters at Government House. Good evening, Marta.

[Marta Lopez] Good evening. The economy minister has explained clearly and precisely the supplementary economic measures announced by the government last Monday. In a news conference scheduled for 1900, but which began 1 hour and 15 minutes later because of the minister's meeting with bank and financial institution officials, Gonzalez explained the recovery of time-deposit certificates, the return to the austral system, and the use of the Bonex [export bonds]. He also noted that banks will be open to the public on 4 January from 1200 to 1600. Here are his comments:

[Begin Gonzalez recording, in progress] ...tomorrow will experience an important change in its operations, in its mechanism, and in its social aspects, and in all [word indistinct] demanded from a banking system or financial organization that may truly serve the economy, facilitate trade and financial transactions, or serve as an intermediary between savings and credits.

Major transformations will probably demand some explanations so that the public, those who require bank services, will not have to experience any confusion, endure long lines, and so that they will not be deceived into losing part of their capital, their assets, or their rights.

As has been announced, time deposits will be converted into bonex, Argentine foreign debt bonds, from the 1989 series, with some exceptions.

The first exception applies to those enterprises that had deposited their funds under a fixed-time system and need their funds to pay salaries, wages, and social contributions. Those enterprises that may have the necessary resources to pay salaries but have not yet paid will be allowed to withdraw these funds following the presentation of the list of employees to be paid and certificates regarding the appropriate social contributions. After these documents are presented, these enterprises will be allowed to withdraw the funds necessary to meet their obligations.

The second exception refers to judicial deposits. We are not talking about voluntary deposits, but rather about a compulsory deposit ordered by the court. Withdrawal of this type of deposit will also be authorized when a judge orders it to be done.

The third exception refers to the workers' welfare facilities, which need to maintain their funds to make payments for the services of doctors, drugstores, biochemists, hospitals, etc. So, as I said, these welfare organizations will be allowed to withdraw the necessary australes to pay for these services, in accordance with the rules.

I now want to speak a little to the people in general and to those with time deposits. They have three alternatives. The first is that if the total amount of the deposit, capitalized to 28 December—that is, without the interest that should have been paid after that date—is not higher than 1 million australes, the owners can withdraw all or part of these deposits in australes.

If by 28 December the amount is higher than 1 million australes, the owners will be allowed to withdraw up to 1 million in australes and the remainder in bonex. Herewith is the first explanation:

The implementation of this new system demands that instructions and bonds be prepared; the bonds are not ready, but depositors will receive a certificate authorized by the bank saying that they will be changed into the appropriate bonds in due time. This time period will be a few days.

The president of the Central Bank will soon explain the differences between that certificate and the bonex that will be received.

What can the depositor do with these funds? The person who does not need to cancel debts with this money, or does not need to circulate the money.... [changes thought] Although we warn people to look after their australes, to not spend them foolishly because their value will be permanently increased, we do not tell them to keep the australes in their pockets or to hide them away in their home. These australes can be perfectly well returned to the banking system through three possible

channels: deposits in common checking accounts; deposits in common savings accounts, which will carry an interest rate freely agreed upon by the bank and the depositor; and the third alternative, a savings account that adjusts with the exchange rate plus an interest rate freely agreed upon by the bank and the depositor. This means that the person who receives australes will have three alternatives to allow him to operate in a system in which the permanent recycling of money every 7 days will no longer exist. This person will become a real saver who will generate the entire system of available credit.

The second issue is what to do with the dollar-denominated bonds, the Bonex. This is perfectly sound, secure paper that will earn international interest rates higher than the domestic interest rate. The first interest earnings on this paper will be paid in June 1990. From that point, interest returns will be paid every 6 months. An amortization of its face value and repayment of the principal plus accrued interest will be made after 2 years. However, if the bondholder needs money, he has several alternatives.

First, he can sell them in the market at a price established by supply and demand; second, he can deposit them in a bank in exchange for credit; and third, he can deposit them in a bank, under a mechanism of operation that the banks will establish, and get paid a fee for renting out such bonds. In each case, the bonds will generate a lending facility that the banks will implement for those who need to use the credit represented by those papers.

These are the main operations. As you will see, and as you can imagine, they require preparation by the banks. At the banks' request, we have changed tomorrow's banking hours for the public. Bank office hours will be as established, but business with the public will only be conducted from 1200 to 1600. This will facilitate better attention to the needs of the public and allow sufficient time for banks located outside Buenos Aires to receive the relevant circulars and instructions.

Other modifications have also been made for fixed-term bank deposit certificates that will be ready for cashing on 4 January. They will be treated through this mechanism: Those that matured on 2 January will be cashed 9 January without any loss, because savings account interest rates will be recognized for 2 January; those that should have been cashed on 3 January will be cashed 10 January. This responds not only to the need to prepare the instruments and to instruct personnel; it also avoids the overcrowding that would take place tomorrow after the successive bank holidays, when almost all the time deposits will be up for withdrawal. If we tried to take care of everyone in a single day, we would run into unnecessary inconvenience and trouble. This is why, at the banks' request, this change in business schedules and time-deposit withdrawals has been made. Thus, withdrawals scheduled for Thursday can be made on Thursday, those scheduled for last Tuesday can be made next Tuesday, and those scheduled for this Wednesday can be made next Wednesday.

This is a brief explanation that calls for an additional suggestion to the people who have funds in time-deposit accounts. As announced on 2 January, nobody should believe that these measures are meant as a punishment or that they will cause losses. You will see for yourselves that you will receive security papers that have important market value, which the Central Bank will be sure to maintain. We have created some mechanisms that will create a special demand for those bonds, so we suggest that you hold them as long as possible.

I should mention two additional measures. Those bank debtors who have australes and want to cancel their obligations tomorrow can do so without paying interest accrued from 29 December to today; that is, paying off a debt tomorrow will effectively mean that it was paid off on 28 December.

Another mechanism has been created for bank debtors to be able to use Bonex to cancel some of their obligations to banks; this means that the Central Bank will not only release the Bonex it previously held as blocked assets, but it will provide banks with enough Bonex to cover all time deposits. Since these Bonex represent an amount larger than what the Central Bank owes, the Central Bank will grant banks a bridge credit in bonds so that the banks will voluntarily offer their debtors the possibility of canceling their debt by returning these bonds to the Central Bank. This mechanism, which may be modified later, will create a large demand for Bonex; we therefore recommend that bondholders take their time in getting rid of these bonds because their market value will be attractive.

I will let the Central Bank president explain to you other details of these operations. [end recording]

Further on Economic Measures

PY0401111390 Buenos Aires Domestic Service in Spanish 0100 GMT 4 Jan 90

[Report from Government House by Marta Lopez]

[Excerpt] The government has passed a decree authorizing an advance payment of 30,000 australes in January for executive branch employees under collective bargaining agreements. The advance payment must be made before 6 January, and it will also include judicial branch judges and employees. Teachers will receive this 30,000-austral advance payment according to their qualifications. The decree specifies that this advance payment is not liable to discount due to welfare funds, pensions, or labor union contributions.

The decree also states that retired workers will receive an advance payment according to their retirement pensions.

Another decree approved today by the government establishes that public administration agencies and organizations will be allowed to spend only 30 percent of their budgets during the first quarter of 1990. The public sector is likewise prohibited from making new purchases

or beginning new construction except in relation to expenses for wages and retirement pensions.

Another decree authorizes the finance secretariat to grant 44,292 million australes in financial aid for the provinces. The decree states that this advance contribution is being made because the provinces are unable to finance the payment of public employee wages in keeping with the government wage policy.

This same measure was adopted for the territories of Tierra del Fuego, Antarctica, and the Southern Islands, which were alloted 161 million australes. [passage omitted]

No Energy Cuts Due; TV To Extend Schedule

PY0401143590 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2240 GMT 4 Jan 90

[Text] Buenos Aires, 2 Jan (NA)—Energy Secretary Julio Araoz announced this afternoon that the government has decided not to implement any energy cuts during the summer.

Araoz also announced that over the next few days television channels will be able to extend their transmission times; they will be able to transmit between 1200 [1400 GMT] and 0130 all week.

Labor Federation Factions Agree on Reunification

PY0301203790 Buenos Aires TELAM in Spanish 2105 GMT 2 Dec 90

[Excerpts] Buenos Aires, 2 Jan (TELAM)—The top leaders of the CGT [General Confederation of Labor] today decided to reunify the organization and to end a conflict that for more than 3 months had split it into two trade union federations, representatives of the two factions reported.

One of the main subjects of dispute, whether Saul Ubaldini should remain as CGT leader, has reportedly been overcome, according to Luis Barrionuevo, leader of the liaison board and one of the union leaders who had formerly proposed the separation of the beer workers union from the CGT.

The union leaders also asked that the 30,000-austral advance being given to public employees also be extended to employees in the private sector and that the CGT participate with only one representative in any meeting called by the government.

Ubaldini reported that the labor leaders will meet tomorrow to work out the details of the reunification. The CGT will have a provisional board, and later the leadership will be definitely established by a congress.

Agreement on those resolutions was reached today at a meeting of leaders Jose Rodriguez, Roberto Garcia, Luis Barrionuevo, Armando Cavalieri, Diego Ibanez, Lorenzo Miguel, and Saul Ubaldini. The meeting was held at the apartment of businessman Julio Raele. [passage omitted]

In a four-point joint document read by Ubaldini himself, the union leaders of the two factions today reported that "the paths of action for unifying the trade union movement" were discussed.

He added that they will jointly participate in any meeting called for by the government and will "maintain the same positions" to defend "the workers." [passage omitted]

Bolivia

Government To Request More Antidrug Aid

PY0401175790 La Paz EL DIARIO in Spanish 23 Dec 89 p 3

[Text] During the meeting that the Andean presidents will hold with U.S. President George Bush on 15 February 1990, Bolivia will request more economic aid for the replacement of coca farms and for the development of new crops.

This information has been supplied by Foreign Ministry Under Secretary Javier Murillo de la Rocha, who confirmed that the Bolivian Government intends to attend the meeting with the Colombian, Peruvian, and U.S. representatives.

He said that since no official information has been received on the Peruvian refusal to attend the meeting, the agenda drawn up in Ica a few months ago remains firm.

There will be a preparatory meeting in Santa Cruz on 10 January. This meeting will be attended by the under secretaries of social defense, alternative development, and drug control of the three Latin American countries. They will adopt a joint position to be later analyzed with U.S. representatives.

Murillo said that efforts will be made to promote Bolivian economic development within the framework of an all-out struggle against drug trafficking, without affecting major sectors like the coca-producing sector.

These matters were analyzed during a meeting of the National Council for the Control of Drug Abuse and Drug Trafficking (CONALID), in an effort to adopt a clear stand for the meeting in Santa Cruz and for the presidential summit.

One of the main issues to be mentioned at the meetings is that Bolivia is the first stage of the cocaine processing chain, that is, Bolivia provides raw materials that are refined in neighboring countries.

Agreement With Brazil Over Drugs

PY0301234189 La Paz PRESENCIA in Spanish 23 Dec 89 p 1

[Text] Trinidad, 22 Dec (PRESENCIA)—Bolivian and Brazilian specialized antidrug organizations have agreed here to implement a bilateral agreement to face this scourge. While the agreement might include joint repressive operations, it will principally investigate the link between drug trafficking, terrorism, and arm smuggling.

The agreement was signed on 21 December during a closed-door meeting between General Lucio Anez Ribera, the commander of the Special Antinarcotics Forces, and Brazilian Federal Police Director Romeu Tuma.

According to unofficial sources, these high-ranking officials analyzed the bilateral agreements that were signed in 1977 and 1978, under which the two countries agreed to jointly restrict the traffic of controlled substances. The result of this latest meeting is that the "Bolivian and Brazilian political desire to repress drug trafficking will be reflected in the implementation of those agreements," a close source to the meeting said.

Anez and Tuma have decided to begin "a joint cooperation (between UMOPAR [Mobile Units for Rural Areas] and the Brazilian Federal Police) on 15 January. This joint cooperation provides for the exchange of information, joint operations, and above all, investigations into the probable link between drug trafficking, terrorism, and arms smuggling." It is believed that the drug traffickers purchase weapons in Brazil.

Recent Drug Seizures

PY0401184390 La Paz EL DIARIO in Spanish 23 Dec 89 p 3

[Summary] Division General Lucio Anez, commander of the Special Anti- Narcotic Force (FELCN), has reported that between 15 and 21 December the organization seized 593,328 grams of narcotics.

In Cochabamba, 590,700 grams of narcotics were seized; 9 people were arrested; 11 cocaine factories and 22 pits were destroyed; 470 liters of diesel oil, 40 kilos of sodium bicarbonate, 794 kilos of lime; and 113 kilos of other chemical substances were seized.

In Santa Cruz, 1,500 grams of drugs were seized; 13,103 grams of drugs were burned; and 4 people were arrested and 4 others were placed at the disposal of the public ministries.

In Chuquisaca, 1,125 grams of drugs were seized and 2,900 grams were burned; 1 person was arrested and 2 others were placed at the disposal of the public ministries [as published].

In Tarija, 30 liters of acetone and 30 liters of sulfuric ether were seized.

Drug Traffickers Arrested in Rio

PY0401205790 Rio de Janeiro O GLOBO in Portuguese 3 Jan 90 p 7

[Summary] Jose Rogerio Oliveira da Silva, alias Debito, 28, the drug trafficking chief of the Morro do Cantagalo slum in Copacabana, was arrested yesterday afternoon when the police raided his slum in search of a bank robber. The police also arrested five marijuana traffickers from the nearby Morro do Pavao-Pavaozinho, in Vigario Geral district. Their names are: Robinho, 17, the gang leader, Jorge Luis Dos Santos, 35, Jose Carlos Dos Santos, 33, Ricardo Marlone Miranda, 24, and Claudio Mello de Almeida, 19, who carried an identification document showing he was an Army soldier but who the police confirmed belongs to a drug trafficking gang.

Presidency Minister Denies Cabinet Reshuffle

PY0401015289 La Paz La Red Panamericana in Spanish 0000 GMT 4 Jan 90

[Text] Presidency Minister Gustavo Fernandez yesterday said there will be no cabinet reshuffle. In comments to journalists accredited to the Government Palace, Fernandez denied rumors that the labor and labor development minister and the information minister would be replaced. In the last Cabinet meeting, President Paz Zamora confirmed his absolute confidence in each the ministers, Fernandez said.

[Begin Fernandez recording] In the last Cabinet meeting of 1989, the president said that, although it was not necessary to confirm his confidence in the ministers because none of them had tendered their resignation, [words indistinct], he wanted to express his satisfaction over the way in which the cabinet had responded to his expectations. The president also said he hoped to continue counting on the contribution of all the ministers who had been with him in these first 5 months. [Words indistinct] and there is no reason to speculate on a possible cabinet crisis. [end recording]

Fernandez said President Paz Zamora is working on the message that he will deliver to the nation in the next few days.

The information minister added, however, that the message—which was going to be delivered on 8 January—will be delivered on 10 January. Justifying the postponement, the information minister said: The important thing is not the day the message will be delivered, but the actions to be announced by the government, which are aimed at promoting national growth.

Dailies React to Panama Invasion

PY0401002689

[Editorial Report] La Paz EL DIARIO in Spanish on 24 December 1989 on page 3 carries a 600-word commentary by Ricardo Castanon Solaligue entitled "Invaders!" criticizing the U.S. invasion of Panama and lauding

Noriega for "refusing, together with his fellow countrymen, to kneel to the powerful" United States. It adds: "The United States has applied one norm since the times of Theodore Roosevelt; it is called the "big stick or dollar" policy. The United States has invaded Panama "without concern about the deaths of innocent people, be they elderly people, women, or children." The United States, "like the master of the house, orders the arrest of a rebel military man who will be judged by history not as a drug trafficker but as a hero, revered as a martyr of U.S. abuse and overbearance." The Panamanian people "are resisting the U.S. aggression in defense not of the 'drug trafficker' but of their dignity." The commentary concludes by stating: "What right does the United States have to humiliate a sovereign country? There is no other reason than its might. Should one cry or laugh at the attempt to arrest one man with 25,000 troops? The United States may trample on the UN and OAS charters, but it will never subdue the free countries of the New World whose tradition of courage and love for their motherland will never be crushed. It is better to die standing on our feet than to live on our knees!"

La Paz PRESENCIA in Spanish on 23 December 1989 carries on page 2 a 950-word commentary by Dante Escobar Plata entitled "The Dialectics of the Panama Invasion," describing American "big stick" diplomacy for Latin America since 1850. The invasion of Panama "is a renewed expression of the U.S. foreign policy inspired by the philosophy of 'the big fish eats the little one,' without pity, without taking into account human rights, without respect for the laws or the dignity and sovereignty of another country, even though to reach its objectives it resorts to the false claims about freedom, democracy, and human rights." The commentary states: "Notwithstanding his behavior, General Noriega is a U.S. creation, and the worst sin this Latin American military man has committed is having rebelled against the system to defend Torrijos' principles and demand sovereignty over the Panama Canal." It adds: "No worthy Latin American country has failed to condemn the unwarranted U.S. invasion of Panama, notwithstanding the U.S. 'dollar diplomacy' and its blackmail with economic assistance through multilateral organizations like the IDB, the IMF, and the World Bank, which have managed to 'soften' the unanimous repudiation by the governments of the countries that have expressed their solidarity with the Panamanian people." The commentary concludes: "Latin America will no longer allow any more U.S. arbitrary actions, impositions, or military interventions because brute force never triumphs over the passion of a noble cause, and because courage cannot be bought. Courage is inherent in peoples who struggle for their dignity and sovereignty."

The same PRESENCIA issue, on the same page, carries a 400-word commentary by Ramiro Ramirez Simons entitled "What will come after Panama?" in which the author stresses the U.S. policy of dominion over Latin America. Ramirez describes U.S. reasons for military intervention as a "fiction" and says: "The presidents of Cuba and Nicaragua have always warned their people of such a 'fiction,' which finally became true at the dawn of 20 December. The truth is that it was not a nightmare for Noriega, Daniel Ortega, Fidel Castro, or any other Central American president. They know that the United States will intervene in any of their countries if they try to follow the steps of Cuba or Nicaragua." The author questions whether U.S. economic aid "is worthwhile." He states: "If behind the thousands of dollars received by poor countries like ours there is spilt blood, and if we are receiving subsidies from an immoral country with blood on its hands, how can we pretend we are living in real democracy and sovereignty? How can we believe we will be truly free if each year the same troops who fought in Vietnam and Grenada turn up smiling in our territory? How can we think of happiness as long as we are threatened with death?"

La Paz PRESENCIA, on 26 December 1989, page 3, carries a 640-word editorial entitled "The Panamanian Drama," addressing the reaction by Latin American countries to the U.S. invasion of Panama. Following a description of the invasion it states: "The asylum of General Noriega in the Nunciature in Panama has created problems for the Holy See and other countries. All the diplomatic pressure of the world's foremost power is being brought to bear. This was evident when the OAS resolution condemning the U.S. invasion had to undergo several cosmetic surgeries before final approval by Latin America, with the deplorable exception of Venezuela and the abstention of the Caribbean region."

The editorial also cites the "soft" reactions by many Latin American countries out of prudence, except for Peru's Alan Garcia, "who perhaps because of being in the final phase of his administration could afford to speak his mind openly."

"Garcia and many other Latin Americans had condemned Noriega at the appropriate moment, just as they are now criticizing the lack of U.S. moderation." The editorial adds: "We must congratulate ourselves" for the many heads of state who, "under the current circumstances of poverty, and despite the political (and economic) cost that criticizing Washington may have," have expressed their opinion.

The editorial cites the position taken by the Bolivian Chamber of Deputies, which has proposed that the Latin American Parliament "not recognize the regime that supported the invading forces, and which likewise stressed the main point of this Panamanian drama, which is nothing other than the compliance with the Torrijos-Carter Treaty, by which the United States should turn the canal over to Panama and close its military bases there in 1999."

The same PRESENCIA issue, on the same page, in Juan Cristobal Soruco's column "The Yew," carries a 700-word commentary entitled: "Imposing Democracy?" Soruco labels as "mild" the positions of several Latin American countries, especially Venezuela, in reaction to

the U.S. invasion of Panama. The commentary lashes out against the U.S. military action and states that the invasion "has allowed us to recognize the 'teachers' of Banzer, Pinochet, and Videla. The pictures we obtained showing the treatment given to the prisoners and journalists in Panama confirm the refined methods of torture used by the Americans." Soruco says he is surprised by the "mild" position taken by the Bolivian Government, which shows a "great lack of gratitude to the Panamanian Government, which—despite the many fair criticisms that could be made of it—has always expressed solidarity with the Bolivian maritime cause and with Jaime Paz Zamora. Many of us know how the extraordinary cooperation of the Panamanian Government with Paz Zamora enabled him to enter the international scene. Panama has always supported him, without asking for anything in exchange."

"Why has the Bolivian Government refused to repay Panama's support?"

"An explanation is that the Nationalist Democratic Action party, a party that basically supports the United States, has exerted pressure to avoid any government reaction that would offend the United States." Soruco stresses the need for dignity at this moment. He says that "fortunately there are a few examples, like Peru, which lead the way" on the path of dignity.

Interior Minister Justifies Border Reinforcement

PY0401022489 La Paz La Red Panamericana in Spanish 0000 GMT 4 Jan 90

[Text] Interior, Migration, and Justice Minister Guillermo Capobianco has said that the Armed Forces decision to deploy military units to the Peruvian border is a reasonable measure to protect the borders. The minister said that such measures are not only being adopted at the Peruvian border. He said they are part of a series of actions aimed at preventing any type of infiltration that may upset national peace.

Capobianco also said that the Armed Forces decision is justifiable because border control must be strengthened.

[Begin Capobianco recording] I believe that in times of complete democracy, as Bolivia is now experiencing, no action or measure aimed at [words indistinct] should alarm us, mostly if they are meant to ensure a better service and (?fulfillment) of their specific duties. If the Armed Forces have decided to strengthen border control, I congratulate them on that. This must be done not only at the Peruvian border, but at all borders.

The police have a border control plan—known as the Sovereignty Plan—that calls for reinforcing the border control posts. Such control is important. We are implementing this plan with the support of the Migration Undersecretariat, where there may be police posts, for example. [as heard] [end recording]

The interior minister said that the government will do its best to maintain domestic peace and tranquillity. He admitted, however, that there may be protests with social characteristics. The minister charged some political groups connected to Trotskyism with creating unrest and dissatisfaction in the country.

[Begin Capobianco recording] (?I am not very) happy about the [word indistinct] being experienced in the country. We will do our very best to ensure that 1990 is a year of dialogues and agreements. This does not mean that (?there will not be conflicts). The solution to our problems, however, lies in agreeing on (?how to face) these conflicts. [end recording]

Government Does Not Plan To Lift Siege

PY0501012690 La Paz La Red Panamericana in Spanish 0000 GMT 5 Jan 90

[Text] Interior Minister Guillermo Capobianco said this afternoon that the government will not lift the state of siege.

The minister added that the state of siege issue will be discussed by Congress in the next few days [words indistinct]. The minister said that the responsibility [words indistinct] for the state of siege belongs to Congress. [recorded passage indistinct]

IDB Grants $51.2-Million Loan

PY0401180390 La Paz EL DIARIO in Spanish 23 Dec 89 p 5

[Excerpts] The IDB on 22 December approved a $51.2-million loan for a credit program for the agricultural sector. The $64-million budget for this program will be implemented by the Bolivian Central Bank through its development department.

The IDB also approved a $230,000 credit for improving the Forestry Development Center of the Ministry of Agriculture and Peasant Affairs. This credit will allow the center to design regulatory policies for the environment, and thus solve problems that may appear following the opening of new farmland. [passage omitted]

The $51.2-million loan was granted by the Special Operations Fund. It will be repaid over a 40-year period. The annual interest will be 1 percent over the first 10 years and 2 percent for the remainder of the period.

13 Stations Via Satellite To Be Installed

PY0401181390 La Paz PRESENCIA in Spanish 26 Dec 89 p 6

[Text] Juan Jose Peralta, general manager of the National Telecommunications Enterprise (ENTEL), has reported that before August 1990 some 13 via-satellite stations will be installed in 13 settlements in La Paz,

Beni, Pando, and Santa Cruz Departments, and that by the end of 1990 the number of stations will have been increased to 25.

Peralta added that the installation of these stations is part of the second stage of the DOMSAT [Domestic Satellite System] project. The first stage was dedicated a few months ago; It provides nationwide television coverage.

These satellites stations will transmit television signals, telephone lines, telex, and data transmission lines.

Peralta pointed out that this service will make it possible to establish direct contact with the most isolated areas of the country such as Riberalta, Guayaramerin, and other settlements, particularly those located on our borders.

Brazil

PMDB Announces Opposition Stand

PY0401193890 Rio de Janeiro O GLOBO in Portuguese 3 Jan 90 p 3

[Excerpt] Brasilia—The PMDB [Brazilian Democratic Mobilization Party] National Executive Board yesterday unanimously decided that the party will take an opposition stand against the government of President-elect Fernando Collor de Mello. Party members who oppose this decision will be dismissed. The board also recommended that any state-level alliance for the election of governors be made with progressive parties. PMDB President Ulysses Guimaraes said that at the polls, the people chose the parties which should be in the opposition. He categorically said that his party will not support Collor.

The party board decisions were announced during a news conference by Guimaraes, who officially resumed the post of party president during the first meeting of the party leadership after the elections. Guimaraes made it clear that the prohibition on supporting Collor will go into force as of now; that is, whoever supported the president-elect during the electoral campaign will be punished only if he continues to support Collor de Mello.

The party Executive Board will meet again today to set the basic guidelines that the party will follow in connection with the measures proposed by Collor. The guidelines will be released in an official note. Right after the inauguration, the PMDB intends to take a stand and to make its position mandatory for all members. [passage omitted]

Argentine Abductors Connected With Terrorism

PY0401174990 Rio de Janeiro O GLOBO in Portuguese 2 Jan 90 p 6

[Report by Marcelo Faria de Barros]

[Excerpt] Sao Paulo—The Sao Paulo police yesterday confirmed that the Argentines Horacio Henrique Paz and his brother Humberto Eduardo Paz, alias Juan, who were arrested on 17 December on charges of abducting businessman Abilio Diniz, also participated in the attack on the La Tablada barracks in Buenos Aires during the Raul Alfonsin administration in January 1989.

The police reported that the brothers are members of the Argentine leftist People's Revolutionary Army (ERP), whose members are believed to have received urban guerrilla warfare training in Cuba. [passage omitted]

Communication Minister Undergoes Medical Test

PY0401120590 Rio de Janeiro O GLOBO in Portuguese 3 Jan 89 p 2

[Excerpt] Sao Paulo—Communication Minister Antonio Carlos Magalhaes was at the Heart Institute (Incor) for almost 4 days during which time he had a medical check. He was attended by cardiologist Adib Jatene from 28 to 31 December, when he was released from the institute. [passage omitted]

Embraer To Break Plane Accord With Argentina

PY0401155290 Rio de Janeiro O GLOBO in Portuguese 28 Dec 89 p 30

[Text] Sao Jose do Campo—Embraer [Brazilian Aeronautics Company] is ready to take on sole responsibility for developing and manufacturing the pressurized, 19-passenger CBA-123 airplane and to leave its Argentine partners in charge of producing components as subcontractors.

The decision to control the entire program will satisfy the Embraer technical team, which has been unhappy with the results of the industrial cooperation. Embraer Superintendent Ozilio Carlos da Silva also agrees with the decision, which has yet to be formally proposed to the Air Force Ministry or discussed with Argentine officials.

When we offered participation to Argentina, we were following a commercial strategy based on rapprochement with neighboring countries and a sharing of markets and responsibilities, but we were already able to comply with the program on our own, Ozilio said. He did not confirm, however, whether Embraer will formally propose that Argentina be excluded from the program. Ozilio believes that it is possible that Argentina will have a role as a subcontractor supplying components.

The CBA—Argentine, Brazilian Cooperation—program was agreed upon in 1986, before Presidents Sarney and Alfonsin signed the integration agreements. The goal of the program was to manufacture planes with revolutionary technology every year. These planes would have turbines installed on the rear fuselage and modern flying instruments for regional operations, thus replacing the Bandeirante airplane. Embraer was supposed to invest $200 million; the Argentine Manufacturers of Aerospace Material (FAMA) was to invest some $100 million more. Up to this week, the Argentine industry has existed only

in a decree signed by former President Raul Alfonsin. The government was not able to privatize the military plane manufacturing plant, which was to turn equipment and facilities over to FAMA, and it could not sell shares to the German and Italian industries. Therefore, the Argentine company still has to organize bids to hire personnel and to establish the CBA-123 assembly line as foreseen in the cooperation contract signed with Embraer, which it still has not managed to do. As a result of these difficulties, Embraer had to postpone the date for the flight test of the first CBA-123 prototype from March to July 1990. There is no prediction so far as to the date for the flight test of the prototype that is supposed to be assembled in Argentina.

Embraer finished a reevaluation of the CBA program last week and concluded that the Argentines have little chance of fulfilling the tasks assigned to them in the project, which include manufacturing parts of the fuselage, the wing, and the tail plane of the new aircraft. Embraer returned a set of rings for the central fuselage that the FAMA plant in Cordoba did not manufacture according to the technical specifications of the project. Argentina has also failed to pay Embraer the installments required for its participation in the project.

Embraer To Sell Tucano Planes to France

PY0401232390 Rio de Janeiro O GLOBO in Portuguese 3 Jan 90 p 22

[Text] The newspaper LES ECHOS has reported that Embraer [Brazilian Aeronautics Company] and the French Air Force have sealed an agreement on the sale of 75 Tucano training planes. The newspaper adds that this agreement is worth $124.5 million. This agreement is tied to the purchase by Brazil in June 1988 of 52 helicopters from the Aerospatiale Company. The French press has noted the swiftness with which Brazil has conquered the world arms export market and adds that European countries that have lost important markets are concerned over Brazil's position among the top 10 arms exporters.

Embargo on Sugar Exports to U.S. Reaffirmed

PY0301105190 Brasilia Domestic Service in Portuguese 2100 GMT 2 Jan 90

[Text] The Brazilian Government has reaffirmed its embargo on sugar exports to the United States. Shipments of this product are being held at the Maceio port and will be shipped only when authorized by CACEX [Foreign Trade Department] in Brasilia.

Otto Kamer, director of the Federal Revenues Office in Alagoas, has said that the sugar produced by the Alagoas mills has not been authorized for export to U.S. markets. He explained that the court has embargoed the exports due to the low prices offered in trade negotiations with U.S. markets.

Two U.S.-flagged ships are at the port awaiting authorization by CACEX to ship 14,000 tons of sugar. Two more ships are expected to arrive tomorrow.

* Possible Collor Debt Negotiation Strategy Seen

90ET0060A Sao Paulo O ESTADO DE SAO PAULO (Economic Section) in Portuguese 9 Dec 89 p 4

[Article by Joao Borges]

[Text] Brasilia—Abandoning open confrontation in favor of guerrilla warfare sums up the philosophy on negotiating the foreign debt that will be adopted by Fernando Collor de Mello's administration if he is elected, this according to a proposal that has already been exhaustively debated by the coordinator of the economic program, Zelia Cardoso de Mello, her chief advisers, and the candidate himself.

"Collor accepted the idea immediately," Zelia told economist Carlos Eduardo de Freitas, former director of the external area for the Central Bank and perhaps the most important member of the group that put together the strategy for dealing with the foreign debt. He now works for the PRN [National Reconstruction Party] candidate. That conversation took place in April, when Collor was not yet the leader in the polls on voting intentions, and it was the starting point for a detailed study that reached the hands of the candidate this week. An active participant in the work was economist Felipe Ohana of the IPEA [Applied Economic-Social Research Institute].

No Cash

It is not known whether the proposals will be accepted in their entirety, but they will carry a lot of weight when it comes to formulating the Collor administration's economic policy. The program worked out by the team of economists calls for the annual payment of no more than $2 million in interest—that is, a savings of $8 million in terms of what is being paid today. There will be a complete reversal of the philosophy underlying the approach to the foreign debt problem. Instead of determining the country's payment limit by its ability to create earnings from trade surpluses—which has been the basis for negotiation so far—the Collor administration's strategy would stipulate that the payment of debt service would depend on the ability of the ultimate creditors [as published] to create internal revenues, regardless of whether they are state-owned enterprises, state or municipal governments, or the Federal Government itself. In short, the government would no longer issue a single cruzado for payment of the foreign debt.

Brazil does not have the cruzados with which to pay its foreign debt. And according to the Collor team's strategy, it would not be willing to create those cruzados at the mint. It would pay only the surplus revenues it obtains. As for the other debtors—state-owned enterprises and state and municipal governments—they would have to negotiate directly with their foreign creditors.

Freitas says he has no personal connection whatever with Collor's candidacy. He worked on the proposal at the request of economist Zelia Cardoso de Mello. He put down on paper the ideas he had been developing at the Central Bank since 1985, the year when he took over the External Area Directorate, which is in charge of negotiating the foreign debt.

Decentralizing negotiation of the foreign debt is an indirect way of imposing a broad suspension of interest payments on that debt. The government has not made any interest payments since July. According to Freitas, that suspension will cause "a real shock" in relations with the international financial community.

The idea that what the country lacks for paying the debt is cruzados, not dollars, is based on the fact that Brazil has already provided sufficient proof that it is capable of generating significant trade balance surpluses with which to settle its debts. But centralized negotiation and the fact that the Federal Government is responsible for about 80 percent of the debt—hence the idea of suspending the Federal Government's guarantee of payment—has the effect of converting the foreign debt into domestic debt, because the Treasury does not have the cash for converting export dollars into cruzados to be transferred to exporters.

"Exploding the total debt" covered by the agreement signed by Minister of Finance Mailson da Nobrega last year is one of the key expressions in the document submitted to Collor. That explosion would be triggered by a simple statement by the government that from then on, negotiation would be discussed on a case-by-case basis. The Central Bank would act as coordinator of the negotiation process so as to reconcile the various objectives involved in basing the payment of foreign debt on the domestic availability of funds.

Questions and Answers for Discussion

Brasilia—To facilitate discussion of the advantages, disadvantages, risks, and other possible results of effecting a radical change in the strategy for negotiating the foreign debt, economists Carlos Eduardo de Freitas and Felipe Ohana prepared a summary of the proposal and simulated 11 questions concerning its validity. Those questions are accompanied by their respective answers and comments.

1. The program worked out by the PT [Workers Party] calls for setting up a fund which would take the money that would otherwise be used to pay off the debt and use it for investments in Brazil. How does that idea compare with the proposal for decentralized negotiation of the foreign debt?

Answer: The PT's program ignores the fact that the difficulty in paying off the foreign debt is of a domestic—fiscal—nature, not an external difficulty involving the balance of payments. This means that using the fund in question to finance productive investments will have to be restricted to what can actually be covered by the budgets as a function of revenues received—that is, without issuing currency.

But viewed from that angle, the PT's program is in significant agreement with the proposal for decentralization. The differences reside in the fact that in the decentralization plan, domestic budget restrictions are explicit and the process is carried on from the standpoint of a decentralizing philosophy, with more incentive for the economic agents and, therefore, the introduction of greater efficiency and agility.

2. Wouldn't it be possible for good debtors to take advantage of the situation to pay off their debts at a discount?

Answer: That is true. If they are not compensated with the possibility of obtaining new credit or issuing bonds, they will have made their situation worse. From the standpoint of the country as a whole, the situation will not be worse, and on the contrary, it might improve, because public-sector debtors, lacking liquidity, would have suspended their payments on the foreign debt pending the obtaining of suitable and realistic negotiating conditions.

3. Poor payers would simply say it was materially impossible for them to pay and refer their creditors to the guarantor, in this case the National Treasury. The situation would be back where it is today, with constant friction between the Federal Government on the one hand and state-owned enterprises and state and municipal governments on the other.

Answer: In the first place, a fundamental feature of this concept is that it causes direct contact between creditor and debtor—something that was an integral part of Brazilian tradition in attracting foreign loans. In principle, that contact forces the debtor to pay attention to the problem and get interested in finding a solution. The debtor will certainly realize that direct negotiation without intervention by the central government may be in his interest, since it promotes the federalist concept of political organization and makes the state-owned enterprises more independent of party-political mandates.

4. But from the debtor's standpoint, what advantage would there be to paying off his foreign debt?

Answer: A firm that is in good financial condition always has an interest in keeping its relationship with its bank at the best possible level and continuing to operate in the market as necessary. It is clear that the deficient financial situation of the state-owned enterprises is due in several cases to the unrealistic prices established for their products and services. The legal rate of return on their assets must be respected. From that point on, it is a matter of negotiating while protecting their investment programs. In other words, a state-owned enterprise cannot agree to terms for the payment of its debt that would sacrifice its investment programs.

5. Would it be necessary to abolish the monopoly on foreign exchange?

Answer: The proposed system does not require any change in Brazil's foreign exchange system. The new setup merely restores the credibility of the foreign capital registration certificate. As you know, filing that registration certificate with the Central Bank provided limited convertibility to national currency. Since the demand for foreign currency with which to service the foreign debt will be based on the generation of genuine funds in the public sector (with no currency issues), there will be no need for any restriction on exchange cover of the kind in effect under centralized foreign exchange.

6. Will the Federal Government's guarantees be terminated?

Answer: The ideal thing would be to terminate those guarantees, because they were granted without any analysis of the economic-financial situation of the ultimate borrowers or even any evaluation of the possibilities open to the guarantor, in this case the Treasury. In short, there was complete irresponsibility, not only on the part of the Ministry of Finance but also on the part of the lenders, who did not look into the projects that were being financed. They simply accepted a guarantee which they knew was purely formal so that they could exert pressure on the Federal Government. In this case, the best course is an administrative one. In other words, the Treasury would simply not honor its guarantees, thus publicly demonstrating the lack of realism and irresponsibility represented by those guarantees, of which, incidentally, the creditors are aware.

7. The proposed system tends to give erroneous incentives. The ultimate debtors will have no incentive to make any payments. And on the other hand, won't those in good financial shape run the risk of bringing their debts up to date and then not being able to operate in the international market?

Answer: That problem already exists today. Debtors who make their payments find their funds being held by the Central Bank, and in the eyes of their creditors, they wind up on the same level as the ones who make no effort to straighten out their situation. That leveling downward encourages the final borrowers not to seek solutions.

The fact is that by introducing direct renegotiation of the foreign debt between debtor and creditor and establishing the basic rule that each one's investment program must be maintained, we will be creating opportunities for the reinvestment of foreign funds in specific projects. And that will be the obvious and natural result of the proposed formula for negotiation thanks to various financial engineering instruments that are being created by the market.

* Territorial Sea Limit Extension Sought

90ET0060B Sao Paulo O ESTADO DE SAO PAULO in Portuguese 23 Nov 89 p 16

[Text] Rio de Janeiro—Brazil may extend the limit of its territorial sea to 350 nautical miles. The Brazilian Navy is expected to complete the first phase of its program for delimiting the continental shelf before the end of this year. That delimitation is being redone on the basis of article 76 of the 1986 UN Convention on the Law of the Sea. According to that convention, which has now been ratified by 40 of the 60 member countries of the United Nations, going beyond the 200-mile limit will be permitted in accordance with the characteristics of the continental shelf. To carry out its studies, the Navy is gathering data on the thickness of sediment and the depth at various points on the shelf.

So far, international rules guarantee the right of sovereignty only to a distance of 12 nautical miles from the coast. "Brazil unilaterally stipulated that its territorial sea extended to a distance of 200 nautical miles," said Alexandre Tagore Medeiros de Albuquerque, chief of the Navy Bureau of Hydrography and Navigation (DHN), at the First Brazilian Congress on Geophysics, now under way in Rio de Janeiro. Tagore emphasized that the Navy was not concerned with determining the types of mineral resources contained in those areas. "We are simply marking out the terrain," he said. It is known, however, that Brazil's continental shelf contains gold, iron, manganese, mineral algae, and other resources besides petroleum, which is currently the only offshore resource being exploited by Brazil—with the exception of fishing, obviously.

The studies are being carried out with the help of scientists from the federal universities in several states and are being coordinated by an interministerial commission consisting of representatives of the Ministries of Navy, Mines and Energy, and Education, Petrobras [Brazilian Petroleum Corporation], and other organizations. The objective in this first phase of work is centered on the survey of geophysical data that has been under way since 1987 using the oceanographic ships Almirante Alvaro Alberto and Sirius. Every time those ships go out to sea, it costs the Navy about $35,000—and so far, they have gone out six times.

In 1990, all the information collected will be processed on computers at Petrobras and analyzed by experts, who may request even more detailed studies. The criteria that will be used for extending the limit of Brazil's territorial sea have to do with the thickness of the sediment on the shelf, the actual profile of the coast, and the average depth, among other things, and those criteria should be properly established by 1991.

* Avibras Obtains Funds for Fiber Optics Project

90ET0060C Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Dec 89 p 12

[Text] Avibras [Aerospace Industry Corporation], a national defense firm in Sao Jose dos Campos, has obtained $25 million from the Funding Authority for Studies and Projects (Finep, an agency of Seplan [Secretariat of Planning]) for developing its own fiber optics project. The raw material is being supplied by the Italian group Pirelli, which was prohibited the day before yesterday from manufacturing the final product in this country by the National Council for Informatics and Automation (Conin), the argument being that optical fibers are a data processing resource and are therefore protected under the Reserved Market Law.

Avibras already produces a small quantity of optical fibers, the use of which is so far restricted to laboratories, and not until 1990 will it complete its plant, at which time production will begin on an industrial scale. An optical fiber is a glass thread the thickness of a human hair that can transmit millions of items of information per second by means of light pulses. Among its other uses, it can advantageously and reliably replace the copper wires traditionally used in telephone lines, which take up more space and are subject to interference. There is currently only one optical fiber manufacturer in the country: the ABC-Xtal Company in Campinas, since Pirelli produces only the basic fiber.

The first application of fiber optics by Avibras will be in connection with an antitank missile known as the MAC-MP, which is now being tested as regards its propellant and range, which is to be 8 km.

Pirelli Persists

Yesterday in Santo Andre, Lutgero Pattaro, Pirelli's telecommunications manager, said that the firm intends to go to court to prove that it has the right to produce optical fibers in this country. Its argument is that an optical fiber is not a data processing resource but a product like any other, being differentiated from an electrical cable only by what it transmits—that is, information instead of electricity.

According to Pattaro, Pirelli is able to produce 10,000 km of optical fibers per year at its plants in Santo Andre and Sorocaba, and its plans call for increasing that capacity to 25,000 km, the purpose being to sell them mainly to firms in the Telebras [Brazilian Telecommunications, Inc.] system, which use about 50,000 km of the product per year. Pirelli produces an average of 2,000 to 3,000 km of optical fibers annually. It sells them to private firms in the data processing industry and also exports them.

* Less Oil To Be Produced in 1990

90ET0060D Rio de Janeiro O GLOBO in Portuguese 4 Dec 89 p 16

[Article by Ramona Ordonez]

[Text] "We've reached the bottom of the well," O GLOBO was told by Wagner Freire, exploration and production manager for Petrobras [Brazilian Petroleum Corporation]. That sounds at first as though another oil field has been discovered. But in fact, it is very bad news: It means that the goal of 700,000 barrels per day is not going to be achieved this year. The financial crisis, which has grown worse this year, is threatening to bring giant Petrobras—the world's 13th largest petroleum company in sales, its 8th largest refiner, and its 19th largest petroleum producer—to its knees.

The bad news regarding exploration and production does not stop there: The nation's petroleum production, which has been rising since 1979, will decline in 1990. After reaching 700,000 barrels per day, production is expected to drop to 680,000 barrels per day by the end of 1990—although average production will total 690,000 barrels per day, compared to this year's average of 634,000 barrels per day. Another unfavorable development is noted in connection with petroleum reserves. During the first half of 1989, and for the first time in 14 years, reserves dropped from 2.816 billion to 2.801 billion barrels (including offshore oil in water to a depth of 1,000 meters).

The manager explained that the goal of 700,000 barrels per day would not be achieved until January 1990. He stressed that in addition to the lack of funds, the strike by divers about 90 days ago also contributed to the failure to achieve that goal. Investments in exploration and production this year have totaled $1.1 billion (8.4 billion new cruzados), or 24 percent less than last year.

The drop was due to the fact that petroleum production exceeded the volume of petroleum discovered and incorporated into reserves. In the giant Marlim and Albacora fields in the Campos Basin, reserves are estimated at 5 billion barrels, but they cannot be incorporated into domestic reserves because there is no technology for extracting petroleum from depths greater than 1,000 meters. To give an idea of the extent of the crisis, Freire said that only 18 drilling rigs—5 onshore and 13 offshore—are now operating, compared to 47 at the start of the year. A total of 30 exploratory wells on the continental shelf and 75 on land will be drilled this year, whereas 116 offshore and 192 onshore wells were drilled in 1982.

The offshore wells are the most important and also the most expensive because Brazil's petroleum reserves and production are concentrated on the continental shelf. In the period from 1984 to 1988, Petrobras invested an average of $1.7 billion (13.03 billion new cruzados at the official rate of exchange) in exploration and production. The total for those two activities came to $1.1 billion

(8.4 billion new cruzados) this year, and in 1990 it is expected to be only $1.2 billion (9.2 billion new cruzados). The manager emphasized that ideally, Petrobras would be able to invest an average of $2 billion (15.3 billion new cruzados) during the next few years. If investments remain below that level, production will continue to decline, thus increasing our dependence on imported petroleum, which currently supplies about 50 percent of our needs.

Self-Sufficiency a Bygone Dream

A little over a year ago, Petrobras announced its plans for making the country self-sufficient in petroleum by 1997 with a daily production of 1.5 million barrels. But that dream came to an end. The company abandoned its plans and is now preoccupied solely with keeping production from falling. Projects for producing petroleum require a minimum of 2 or 3 years for completion. Because of that, the exploration and production manager at Petrobras estimates that petroleum production should continue at an average of 690,000 barrels per day over the next 2 years.

So if Petrobras manages to recover financially in 1990, the country's petroleum production will not start climbing again until 1992. The company's biggest priority in 1990 will be to restore balance in its financial situation. Production of 1 million barrels daily, once predicted for 1993, will not be achieved until 1995. Wagner Freire has announced that next year, Petrobras' investments will probably total only $1.77 billion (10.44 billion new cruzados at the official rate of exchange), or slightly more than the $1.65 billion (9.74 billion new cruzados) invested this year.

Freire said: "Next year there will be no recovery of our investments. What we are going to do is see whether it will be possible to increase them with foreign funds."

Chile

Weekly Condemns U.S. Invasion of Panama

PY0401225590 Santiago ANALISIS in Spanish 25-31 Dec 89 p 5

[Editorial: "Attack on Panama"]

[Text] With voracity and like a criminal, U.S. imperialism invaded Panama and brutally attacked a small country and a defenseless people. Under a ridiculous and deceitful pretext, Bush's mercenaries in Central America again violated international law and the dispositions which regulate coexistence among nations thus putting a stop to the great progress for peaceful coexistence made in the world. A nation which proclaims itself as a great promoter of democracy and freedom has attacked a nation and its sovereignty without mercy. In its heated persecution of a government leader the U.S. forces killed hundreds of civilians, putting an end to the lives of innocent people of all ages and condition.

The entire world, with the exception of some well-known countries, has reacted in anger to this new genocidal attack. However, nothing stops the U.S. Government in its perverse plan to subdue the entire world and to exert its domination through force and terror. Even Pinochet's regime, which is probably like a favored son and witness of the imperialist conspiracy and treason, repudiated the U.S. repugnant invasion.

The invasion of Panama is a diplomatic and military mistake which should seriously affect relations with the United States. Latin America should be united and strong in the face of this terrorism from the north which has been the scourge that has brought the greatest misfortune to the continent or the U.S. "backyard" as the Yankees like to call us. Nothing has instilled more concern, in our large and varied geographical region, than to admit to ourselves that we have been humiliated by imperialism. The poor and the rich, businessmen and workers, government leaders and the people in Latin America are aware of the common tragedy of being neighbors and victims of the perverse giant and of its wicked exploitation.

From Canada down to the far south, our countries should unite and defend their sovereignty and their right for self determination. To do that we should thoroughly review our Inter-American system to face our only common enemy: imperialism. It has already been proven that all the diplomatic efforts of the region, made up by the Latin American countries and the United States, were fruitless. For example, the current treaties and organizations were useless during the Malvinas war. The force of reason, which is on our side and the fact that we have a large and rich territory, should encourage our political offensive that seeks an end to servitude.

Our weapons to defend Panama and our territorial integrity should not be military weapons, but the result of mutual cooperation among our people and governments and a wide cooperation in our foreign policies. The best answer to a military attack against one of us should be suspension of the payment of the misnamed foreign debt, which is a necessary challenge if we want to get a more equitable relation in trade and a more just treatment for our productive effort and resources. There is no longer any justification for the current military agreements with the United States because this is the country which has become the main obstacle for peace in our region.

We agree with the many political and social organizations of the continent which have repudiated the U.S. invasion of Panama, which seeks to disregard the agreements between the Carter administration and the Torrijos government regarding the future of the canal. The Panama Canal treaty was an indication of promising good relations between the United States and Latin America but the Reagan and Bush administrations destroyed that hope.

New Foreign Ministry Spokesman Appointed

PY0401224590 Santiago LA TERCERA DE LA HORA in Spanish 28 Dec 89 p 7

[Summary] Patricio Maturana, a career diplomat, has been appointed Foreign Ministry spokesman. He replaces Carlos Ducci Ossa, who has been appointed Chilean consul in Mendoza Province, Argentina.

Centerist Alliance Party Registers

PY0501001790 Santiago FORTIN MAPOCHO in Spanish 28 Dec 89 p 4

[Excerpt] German Riesco, president of the Centrist Alliance Party [PAC], has announced that the PAC has decided to register as political party. This party maintains a rightist-central democratic stand that is open to change. In the opinion of the PAC change cannot be consolidated by the traditional right. [passage omitted]

Government, Opposition Agree on Military Charter

PY0401191090 Santiago Radio Chilena Network in Spanish 1600 GMT 4 Jan 90

[Text] The commissions representing the current government and president-elect Patricio Aylwin, which are analyzing the draft of the Armed Forces Charter, today reached agreement over the issue.

This information was disclosed by Edgardo Boeninger, the adviser to president-elect Aylwin, following a meeting at Government House with Interior Minister Carlos Caceres, Secretary General of the Presidency General Jorge Ballerino, and judicial adviser (Fernando Layes).

The Coalition of Parties for democracy [CPPD] was represented at the 3-hour meeting by Francisco Cumplido, who is an expert on constitutional matters, Jorge Navarrete, and (Augusto Varas).

Boeninger said that they gave the government authorities a list of proposed modifications to the questioned articles in the charter. He commented that the proposal had been approved by the National Renewal party and fully reflects the National Renewal Party's position regarding the Armed Forces Charter.

Boeninger said that, in view of the agreement, he believes that the executive branch will send the government junta a revised text that the CPPD can approve. He also noted that there are no points of disagreement with the government over the issue.

He said that an agreement will represent another important step towards a consensus and help to guarantee a smooth transition between the outgoing and the incoming governments.

Boeninger also noted that the coalition had been very flexible and extraordinarily prudent in tackling the subject and that they had noticed that the ministers had the same flexible attitude and desire to listen to the CPPD's proposals.

Edgardo Boeninger declined to refer to specific aspects of the draft but said that the idea was to adjust the text of the draft to what the Constitution says regarding the attributions of the president of the Republic, the defense minister, and the commanders in chief of the Armed Forces, and to accommodate the constitutional aspects of the draft with regulations of the state financial administration.

Aylwin's adviser also announced that they had reached agreement with the ministers and will continue to analyze the draft law that will play an important role in the future.

Boeninger said that during this summer season they will hold other meetings during which they will discuss the draft laws regarding the State Bank, CODELCO [Copper Corporation], and the eventual privatization of EMPORCHI [Port Enterprise of Chile] [word indistinct]. He said that these subjects will be discussed just as the draft of the Armed Forces Charter was discussed.

Boeninger said that they voiced their concern and their full disagreement to the ministers who attended today's meeting over a draft bill being discussed by the government junta over the president's authority to appoint the director of the Investigative Police who, currently, is the president's appointee.

Adm Merino on Approval

PY0501104390 Santiago Domestic Service in Spanish 2200 GMT 4 Jan 89

[Text] Admiral Jose Toribio Merino has said that the government junta will approve the Armed Forces Charter next Tuesday 9 January. He stressed the importance of the consensus reached between the National Renewal Party and the Coalition of Parties for Democracy regarding this matter.

The Navy commander in chief spoke to the press after attending a regular congressional session at the Diego Portales building.

[Begin Merino recording] Of course, because we want to promulgate the law. It is an important law. It is a law [words indistinct]. It provides stability to the system which in turn assists the role of the Armed Forces in their role of ensuring security and peace to this country. It will be maintained so that we can continue to live in the way we are living. [end recording]

Merino also agreed with the note sent by the executive branch to the government junta. The note states that a high-ranking official of the institution [as heard] might become the director general of the investigative police.

Asked about a statement by members of the Party for Democracy which considers it unfair for the government junta to continue to legislate, Merino said: They are very few. They do not understand these things. Leave them alone.

Prosecutor Acquits, Releases Suspected Terrorists

PY0401212590 Santiago LA TERCERA DE LA HORA in Spanish 24 Dec 89 p 13

[Excerpt] Cecilia Valdes Toro and Miryam Bergholz Maguire, who had been charged by former Prosecutor Fernando Torres Silva with violating the Antiterrorist Law and the Law on Arms Control, have been acquitted and immediately released. Valdes and Bergholz were charged in connection with a guerrilla training school and with participating in the terrorist attack on the presidential entourage.

Cecilia Valdes was indicted by Prosecutor Torres in June 1987 under Article 8 of the Law on Arms Control, which punishes those who protect armed groups.

Miryam Bergholz, a nurse, was arrested on 14 January 1987 and placed at the disposal of Prosecutor Torres. She was then sent to the CNI [National Intelligence Center] on Borgono Street and finally to the Women Prison Annex on Santo Domingo Street, from where she was released. [passage omitted]

Colombia

Medellin Cartel Suspected in Kidnapping

PA0501025390 Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 5 Jan 90

[Text] There is nationwide concern over the kidnapping of the son of the Presidency's secretary general, a post that is something like the vice presidency. Authorities fear this may be part of an offensive by the Medellin Cartel to reduce pressure for the arrest of Pablo Escobar Gaviria. Escobar Gaviria's situation is increasingly difficult. These are the reasons why this is so:

First, the government declared war on drug trafficking. Second, his chief assets and bank accounts have been seized. Third, there have been attempts to capture him in the Middle Magdalena region. Fourth, the authorities are pursuing him on the Atlantic Coast. Fifth, Gonzalo Rodriguez Gacha was killed. Sixth, there is surveillance at home and abroad along the country's border to keep him from escaping.

According to the authorities, all these factors indicate Escobar Gaviria's situation is desperate, forcing him to seek other means to pressure the government, which is what prompted him to kidnap one of the sons of German Montoya, private secretary of the president and a man thought to be the second most powerful person in government.

Alvaro Diego Montoya Escobar was kidnapped on 20 December as he was leaving his office, located on 79th Street and 11th Avenue in northern Bogota. Montoya Escobar is the president of the Probolsa insurance brokers and is on the board of directors of four other companies and is considered the key figure in German Montoya's family businesses.

EL TIEMPO newspaper reports that one of the motives of the kidnapping was money. According to the newspaper, the Medellin cartel is facing a serious liquidity problem, although this may be hard to believe. Moreover, LA PRENSA newspaper notes the kidnapping seeks to pressure the government to reach an agreement against extradition and regarding the repatriation of capital. Another report says that the goal is to force the government to suspend the search for Pablo Escobar through the kidnapping, which is being used as a form of blackmail.

So far authorities have been totally silent on this matter. However, the Medellin Cartel has kidnapped 17 other members of wealthy Antioquia families.

Extraditables Order Abductions

PA0501030890 Madrid EFE in Spanish 0153 GMT 5 Jan 90

[Text] Bogota, 4 Jan (EFE)—Today "the Extraditables," an organization considered to be the armed sector of the Medellin Cartel, ordered its leaders in low-income neighborhoods "to take hostages from traditional bourgeoisie sectors to finance the war" it is waging with the government of President Virgilio Barco.

"The Extraditables" sent a 7-point communique to several media sources in Medellin, calling on their men to demand large sums of money from the relatives of the persons they kidnap.

They also recommend that the persons who are going to carry out the abductions should select the victims from among politicians and members of the Colombian bourgeoisie "who have never distinguished themselves by making social contributions to the community."

They add that "50 percent of the funds obtained from such military actions are to be used to finance the war against the political oligarchy and the other 50 percent to reconstruct low-income housing for the homeless."

Another point notes that "this measure has been taken as a response to the official persecution against our families and organizations," and it concludes by stating that "we are willing to hold a dialogue as the Colombian people are requesting and desire."

On 24 August 1989, "the Extraditables" announced a counteroffensive in response to the official actions of President Barco's government. The government initiated the attack on the drug-trafficking mafias after presidential candidate Luis Carlos Galan was killed on 18 August.

Since then, drug traffickers began a series of attacks with explosives and car bombs mainly against banking organizations, political headquarters, and newspapers.

On 2 September, a car bomb destroyed the installations of "EL ESPECTADOR" newspaper in Bogota and 5 weeks later another car bomb caused similar damage to the "Vanguardia Liberal" newspaper in Bucaramanga, in northeastern Colombia.

Several security forces headquarters have also been hit by these attacks, and an Avianca Airlines plane blew up in midair on 27 November killing all 107 passengers and crew.

A week later, a bus bomb blew up in the vicinity of the Administrative Department of Security (DAS), in the center of Bogota, and destroyed the 11-floor building, leaving 67 dead and approximately 1,000 wounded.

M-19 Commander Interviewed on Struggle

PY0401202890 La Paz PRESENCIA in Spanish 24 Dec 89 Sunday Supplement pp 8-11

["Exclusive" interview with Carlos Pizarro Leongomez, commander of the Colombian M-19 movement, by Juan Carlos Maranon at the M-19 headquarters in Santo Domingo, Cauca Department—date not given]

[Excerpts] [Maranon] Commander, why is the M-19 speaking about a political solution after 15 years of struggle?

[Pizarro] The country is changing, or at least it is trying to change. A political solution was proposed many years ago in Colombia. A political solution to the conflict between the government and a sector of Colombian society has been proposed virtually since the take over of the Dominican Embassy. This has been a difficult process, and it has had exhilarating moments, such as the stage undertaken by (President) Belisario Betancur.

The M-19 is speaking about a political solution that will necessarily lead to a demobilization because we must negotiate our incorporation into society. This means we will give up our guns. It also forces the Colombian Goverment to open the democratic system and allow other political forces to come into being. Our society has in the past been a closed one, where old political parties have taken turns at power for the past 150 years and a state of siege has been permanently in force for the past 30 years.

[Maranon] What is the ideology of the M-19?

[Pizarro] We have rejected the orthodox Marxist thinking that was implemented in Europe and on virtually all continents. We believe that orthodox Marxism is not suitable. We base our ideology on several trends. When we speak of democracy, we refer to the historical and political phenomenon in which the citizen exists, participates, and is part of the state and society.

The M-19 was created 15 years ago. We sought to apply ideology in a different way. We wanted an approach different than those used by the orthodox Marxists, who follow a revolutionary doctrine that exhausts political creativity and dynamism. Their approach and their ideological baggage characterized different generations and different times.

[Maranon] Why is the M-19 demobilizing?

[Pizarro] The M-19 is demobilizing because this is the way to mobilize Colombians. We cannot be a marginal group in Colombia, and we have never sought to be one. Throughout its history, the M-19 has sought to cease being a marginal group and to become an integral part of the nation. That is why we speak clearly to the crowds. That is why we want the guerrillas to cease being illegal. That is why we are coming out of the jungle, out of clandestine activity. That is why over the past 15 years we have engaged in open activities.

We are a military force that has never been defeated. We also have urban structures that have never been defeated. The M-19 also enjoys national credibility and leadership. We are affecting the course of Colombian politics. This shows we have a history, a present, and a future.

It would be different if we are referring to an organization in which no one is interested, but I think that millions of Colombians are interested in what the M-19 does. This does not mean we have conquered. We are, however, undoubtedly experiencing favorable political circumstances.

[Maranon] How many votes do you think you will obtain if you participate in the March 1990 general elections?

[Pizarro] I do not know, but if we obtain more than 200,000 votes, it will be a success for the M-19, since we have little time for our campaign. However, we could become a Colombian political miracle. There are many Colombians who are anxious to join the M-19. They are not joining us now because they are afraid that the peace process could stall. People are waiting. Our feeling is that there are passionate feelings for the M-19.

[Maranon] How many representatives do you expect to have in Congress?

[Pizarro] At leat 20 senators and representatives, which means 40 congressmen, including the actual congressmen and alternates. We could obtain more. Twenty congressmen are envisioned in the special jurisdiction, but since only a fortune teller can say, I think it is better to wait for the elections.

We are speaking of a starting point. The M-19 is 15 years old in the country, and we have never been an inert organization. We have always been active, roused passions, caused political activity, and somehow inspired extreme reactions. This has been our magic, and it guarantees that in the elections in March a lot of people will vote for the M-19. Some will vote for us because they

feel they are part of the M-19; others, because of affinity; others, to punish the political corruption; others, for the novelty; and others, more for the hope of renewal than for any other reason.

[Maranon] What does the M-19 understand by peace?

[Pizarro] Peace is a strategy, and we are preparing spokesmen for peace in a country were everybody is taking up arms. Paramilitary men, drug traffickers, Marxist guerrillas, and the Army are arming themselves, while the M-19 is the only organization making a new proposal. This gives us the lead at a historical moment, because the country wants peace, a peace of consensus; this means there must be a little give and take. [passage omitted]

[Maranon] What can the M-19 offer the Colombian people?

[Pizarro] M-19 offers a new proposal but does not call for a total break with the current model of society. It is simply a radical proposal for decisive changes in our economy, our policy, and our social organization, in order to build a different country.

What is our ideology? We want a society in which Colombians may have opportunities, a society without corruption and without arrogant capitalism—which monopolizes all the profits and sets all the goals of the country—a society in which the state does not exist only for great capital and for landowners.

We need a new option, and I believe that the M-19 is offering one. I believe that if it were put forward by the left, this proposal would have no supporters. We want to provide an alternative to millions of dissatisfied people from all Colombian sectors, like the military, the clergy, businessmen, union members, and peasants who are not represented by their organizations, which are in the hands of sectarian interests.

We believe that the guerrilla force is also exhausted as a source of power in Colombia.

All other proposals that we may put forward will allow Colombians to see things in the light of Colombian history. Otherwise, we will be placing our political life in the hands of the generals and the guerrilla commanders. I believe this is not an appropriate alternative for a country that has lived through 150 years of civil wars.

We want to build our own society, based on our own demands and, obviously, on our own solutions.

As for private property, the socialist sectors will tell us that it must be turned into social property. We will reply that there are different types and models of ownership that can be useful in Colombia. Not absolutely everything has to be based on the socialist system.

We agree to some forms of monopoly in Colombia, but we demand more social responsibility from those monopolies. We support all systems of ownership and free initiative in the economy. We believe they are advantageous, provided the state intervenes to discipline large capital and to support the informal sectors, which will promote the development of small- and medium-sized enterprises.

We do not agree with the current solutions, but we do not agree with the proposals put forward by the left either, because the left has not proposed updated solutions to meet the great expectations of most countries.

In our country, the left continues to regard such expectations from a distant position and without a clear mind; tanks have smashed students in China's Tiananmen Square but the left has not been shocked.

[Maranon] Is the M-19 related to the Socialist International (SI) in any way?

[Pizarro] We have certain things in common, but the SI has various leanings: leftist leanings and centrist leanings. In the future, we may propose a rapprochement with the SI, but now it is more important to propose a rapprochement with our own country.

As an organization, the SI can give the M-19 tutelage on the peace process being started in Colombia. The SI is an important organization that includes political parties and important politicians who are close to the fight for peace in Colombia. [passage omitted]

[Maranon] Has the M-19 analyzed the advantages and disadvantages that the peace process may have for the Colombian guerrilla movement?

[Pizarro] The fact that could upset the guerrilla movement is the decision by the M-19—a very important group in Colombia—to accept the challenge to demobilize its forces. Maybe this decision will make the other guerrilla groups feel inadequate to continue their armed fight. If we agree to demobilize our forces, it means that peace is possible and there is no sense in continuing to wage war. This fact may cause a certain unrest. I believe that the main objective of any guerrilla group in [words indistinct], and this is the proposal of the guerrilla coordinating movement at all of their summits.

If the M-19 makes peace seem possible to the Colombian people, it will be doing the right thing, although the other guerrilla movements may resent it.

Can we say that by doing so we are making it more difficult for the guerrilla groups to unite? I do not believe so. The M-19 is not pursuing war within the framework of guerrilla unity. We are pursuing a negotiated peace. If it is not possible to achieve a negotiated peace, well, then we will have to fight for it; but first, we have to try everything to achieve this peace.

[Maranon] If it is not difficult to achieve guerrilla unity, why doesn't the M-19 continue to be part of the Simon Bolivar Guerrilla Coordinating Board?

[Pizarro] Because the Coordinating Board did not want to assume all the costs of peace. To achieve peace we must give up some things. If we try to achieve peace without demobilization, we will not be successful, because no one will be interested in making peace with us.

No Colombian is so naive as to believe that we can achieve peace without undergoing some changes. We cannot cheat anyone; we cannot try to be smarter than others. To achieve peace we must face each other and look each other straight in the eyes, because none of the forces that govern the country—the Armed Forces, the government, nor the political parties that control the government—are innocent. Nor are the guerrillas. Currently, no one accepts impositions in Colombia.

The only way to approach the peace issue is to review the ways to achieve it. We have tried several ways in the past. These ways led us to a Machiavellianism that brought about a crisis. Peace thus becomes a lure. We do not believe, however, that by treating peace as a lure we will achieve peace. We can only achieve peace if we put all the cards on the table, and this must be done not only by the Coordinating Board, but also by the Army and the government.

There is great resistance to the Coordinating Board because it does not enjoy enough credibility in the country. I believe that the M-19 must help create this credibility, but the Coordinating Board must also make efforts to gain this credibility.

[Maranon] Which is the M-19 proposal regarding drug trafficking?

[Pizarro] Drug trafficking is a more complex problem, because it does not affect Colombia alone; it also affects Europe and the United States. It has political, economic, and diplomatic implications that make the problem more difficult to solve.

We believe that the drug-trafficking problem requires an integral solution. On one hand, drug consumption in the United States and Europe must no longer be punishable. That would make drug trafficking less profitable. On the other hand, our countries need more coherent policies to dismantle the drug trafficking economy. In some areas, the drug trafficking problem can be solved through negotiation; in others, police suppression will have to be used.

[Maranon] What will happen to the M-19 if the guerrillas are not pardoned?

[Pizarro] We will remain here. If we remain here in Santo Domingo, the situation will be very difficult for the Colombian Government. It would be difficult for an organization that is opening a path toward peace to operate without a cooperative partner. We would logically continue with the armed struggle, struggling for peace in this country. We will remain underground while others struggle within the law.

We feel no urge to fight a war in Colombia. I believe that whatever the situation, we can strengthen the sector that is putting forward new political proposals for Colombians. We might be compelled to wage a war, but in that case there should be clearly legitimate reasons. We do not want to fight, but if we have to, we will fight, and it will be a more justifiable war. We are not afraid of war. What we do not want is an purposeless war. There is too much violence in Colombia, and the people do not know what they are struggling for.

We have chosen the path of political teaching, so that we may tell Colombians that peace is a reachable goal—not just any kind of peace, not the peace of cowardly people who give up without dignity, but a peace that is gradually built in a process in which several parties do their own share. This is what we want to do and what we will continue to do, whatever the decision by Congress. We design the M-19 policies, not congress. [passage omitted]

* Trade Relations With Venezuela To Expand

90ET0066C Bogota EL TIEMPO in Spanish 20 Nov 89 p 8E

[Text] Bucaramanga—Colombia and Venezuela have agreed to increase their trade and to encourage a greater exchange of products under the Cartagena Agreement.

From now on 142 of our products can be imported into Venezuela under the free trade system and without the payment of import duties.

In return, and under the same tariff conditions, merchants on the other side of the border will be able to ship a number of articles of Venezuelan origin for the Colombian market.

Both nations sought to ease tensions and to facilitate the implementation of the standards adopted since the subregional group was set up under the Cartagena Agreement.

The reduction in the list of exceptions for Colombia is considered beneficial by the chambers of commerce of the two countries, at a time when the Venezuelan Government is implementing a new economic policy and the Andes Pact is being reopened for trade.

To the foregoing should be added the important advantages of the program for the automatic reduction of duties on exports to Venezuela and the freeing of 142 products from tariff charges.

Effective immediately, all previously existing administrative and tariff obstacles to trade with Venezuela have been eliminated. For example, according to Jaime Gutierrez, commercial counselor of the Colombian Embassy in Venezuela, this affects foreign exchange differentials.

At the same time there will be a single, free rate of exchange with the U.S. dollar, an advantage which will make it possible for importers and exporters of both nations to carry out substantial economic transactions.

The border areas between the two countries will benefit directly from the new arrangements, since there will be freedom to establish industries on both sides. This action will economically reactivate both the Northern part of the Department of Santander and the State of Tachira.

While this process has been successfully completed, merchants from Cucuta consider that the Venezuelan recession of 1989 will be a negative factor because market activity in that country is presently restricted.

Nelson Manrique, president of the Cucuta Businessmen's Association (Asomcu), stated that in the future foreigners who wish to invest in the border area will be able to do so without any significant restrictions.

With this objective in mind the government of Eduardo Assaf Elcure, chief executive of the Department of Santander, has offered tax concessions.

According to Venezuelan sources, after 1991 Venezuela will open its doors for the export of agricultural products to Colombia.

* Agrarian Reform, Economic Forecast Discussed

90ET0066B Bogota EL TIEMPO in Spanish
3 Nov 89 p 5C

[Text] The government had planned to purchase 180,000 hectares of land in 1990 to stimulate the agrarian reform program but will only be able to buy about 100,000 hectares. Minister of Finance Luis Fernandez Alarcon Mantilla admitted this in a statement to Congress.

The Colombian Institute of Agrarian Reform (Incora) will have a budget of 54 billion pesos in 1990, of which 43.5 billion pesos are earmarked for investments.

The reduction of the area intended to be devoted to agrarian reform, due to the limitation on resources available and the cost of the land, is a decision in addition to those which the government has made to deal with the deterioration of the economy.

The first major decision, made in October, consisted of increasing the domestic price of coffee below the inflation rate.

The second decision, made at the same time, involved increasing the pace of devaluation by 5 points in real terms. Therefore, devaluation went up from 38 to 45 centavos daily. On 2 November there was an adjustment of 47 centavos in the quotation of the U.S. dollar, the highest in the course of this administration. It is one way of promoting exports.

Other decisions are expected: establishing rigorous control over the surpluses generated by Ecopetrol [Colombian Petroleum Enterprise] and Telecom [National Enterprise for Telecommunications] so that they will contribute to resolving the crisis facing other public enterprises.

The reduction of investments will become a reality and for one reason: 1989 tax receipts will fall by 120 billion pesos, compared to projections at the beginning of the year.

The decline in tax receipts is due to the fact that imports which pay the 18-percent tax (levied on a CIF basis) have grown by barely 1 percent. Projections at the beginning of 1989 indicated that they would increase by 50 billion pesos, but this has not happened.

The decline in coffee prices will result in $500 million less income per year. The war with the narcotics traffic will also affect foreign exchange receipts by about $400 million.

On the whole, the foreign exchange crisis has been fully discounted, according to Minister of Finance Alarcon. International reserves are equal to 10 months of imports, whereas the internationally acceptable average norm is 5 months of import coverage. In short, the situation is manageable, and the government is trying to promote production and employment, so that the growth of the economy will be above 3 percent.

It is anticipated that investments will be reduced by between 40 and 60 billion pesos and that advance payments in 1989 for 1990 and the following years, valued at about 160 billion pesos, will be postponed.

The minister of finance is confident that Colombia will be able to obtain enough external credits to cover the external debt and promote public investment.

Exports of petroleum and other products will be the great hope for economic growth in 1990. The budgetary deficit should be reduced from 2.5 to 1.5 percent of GNP.

Large investment projects will be postponed to avoid committing scarce resources. The metro system in Medellin alone involves almost 1 percent of GNP.

The coffee growing areas will necessarily be subject to major changes if the international agreement between producers and consumers is not renewed. The cost of production of coffee in Colombia is equivalent to $1 per pound, whereas Brazil grows coffee at a cost of 50 cents per pound.

On the average, the salaries of civil servants will not go up by more than 19 percent in 1990, the minister of finance stated. That will help to ensure that inflation in 1990 will be less than it was in 1989.

* Tourism Industry Experiences Economic Setbacks

90ET0066A Bogota EL TIEMPO in Spanish
20 Nov 89 p 8A

[Text] Despite the fact that the Department of State in the United States lifted the travel advisory regarding Colombia in its latest travelers' information bulletin, the

flow of international tourists remains in suspense, and the industry is presently recording low levels of employment.

The State Department report of 3 November for U.S. travelers, in which the situation in Colombia was reported to be normal, could contribute to softening the position of the Canadian Government. However, to do this, action by the Colombian Ministry of Foreign Affairs is urgently required.

According to Ismael Enrique Arciniegas, president of the Colombian Hotel Association, if this situation is not resolved before 22 January 1990, Canadian wholesale travel agents will definitely redirect vacation travel to another country.

At the Ninth National Congress of Tourism, held in Santa Marta, which ended on 19 November, hotel operators and representatives of the Colombian tourist industry referred to the crisis in the tourism sector resulting from violence in the country. They revealed that at least 3,000 employees of Colombian hotels have lost their jobs during the past 2 months. They advocated urgent action by the government.

To counteract the effects of press reports published throughout the world, the development of a plan for emergency action is now urgently needed. Such a plan should include incentives for investment and expenditures within Colombia and aggressive, public relations campaigns throughout the world.

Patrick Long, member of the Committee of the European Economic Community which is advising Colombia on the promotion of its tourist facilities, told Colombian tourist associations: "Not acting now in the hope that the situation will improve by itself would be naive."

The international expert recommended inviting to the country journalists from the principal newspapers of the world so that, with the help of the National Tourism Corporation (CNT) and other organizations for tourist promotion and marketing, they will know the true situation in Cartagena and other tourist sites in Colombia. Editorial publicity, press bulletins, and positive information to counteract the impact of news agencies should be provided.

This program should be accompanied by effective, direct marketing measures, such as the promotion of specific tourist packages, sponsoring special events abroad with audiovisual presentations, and other elements for the promotion of the Colombian tourist product.

Patrick Long, who is preparing a study in Colombia as a part of the agreement reached with the EEC for the promotion of the country as a tourist objective in Europe, also said that regaining the European market is much more complicated than the North American market. In effect the decline in European tourism to Colombia recorded so far this year was called dramatic. In his opinion the number of European tourists who came to Colombia in 1988 (65,000) could decline to 10,000 to 15,000 in 1989.

He said that to make up for lost ground, it would be necessary to undertake an agressive public relations campaign in Madrid, Paris, London, Frankfurt, and Milan. He added: "To do that, the office of the National Tourism Corporation in Madrid must have all of the necessary resources."

Far from improving, it appears that the situation affecting the Colombian hotel industry is reaching critically low levels since it recorded its lowest occupancy rate in September following the death of Senator Luis Carlos Galan and the subsequent wave of terrorist attacks.

Enrique Arciniegas said: "We are going through a critical stage which the government apparently has not noticed, possibly because the president does not watch television and the minister of finance does not read the press." He said that while Colombia is the victim of an international travel veto, the minister of foreign affairs "is hunting butterflies in Costa Rica."

According to Arciniegas, the fact is that while the tourist sector is on the verge of bankruptcy, a draft bill is under consideration in the Senate to add a new tax on the hotel industry in Santa Marta in order to finance an Autonomous Regional Development Corporation.

Paraguay

President's Visit to Uruguay Confirmed

PY0301223990 Asuncion ABC COLOR in Spanish 3 Jan 89 p 8

[Excerpts] The visit of President Andres Rodriguez to Uruguay was officially confirmed on 2 January. The presidential entourage is scheduled to depart the Silvio Pettirossi International Airport at 0700 on 24 January. Rodriguez will pay an official visit to Montevideo at the special invitation of his Uruguayan counterpart Julio Maria Sanguinetti.

This is the first time that Rodriguez will visit Montevideo as the Paraguayan head of state. Presidential spokesman Augusto Ocampos Caballero has officially announced that Rodriguez will thus return President Sanguinetti's visit to Paraguay last year.

Ocampos Caballero said that bilateral agreements will probably be signed during Rodriguez's visit to Montevideo and that it is expected that Rodriguez will visit some Uruguayan official organizations. The delegation will return to Paraguay on 25 January. [passage omitted]

Ocampos Caballero then added that it has not ruled out the possibility that Rodriguez might visit Brasilia and Santiago, considering the presidential inaugurations that will be held in Brazil and Chile, probably in March.

"These visits cannot be confirmed for the time being but they are possible,"but "this month we will travel to Montevideo," he pointed out. [passage omitted]

Daily Says 'Informal Contacts' With USSR Held

PY0301225190 Asuncion ULTIMA HORA in Spanish 2 Jan 90 p 12, 13

[Report by Edilberto Jara from Geneva, Switzerland]

[Excerpts] We have learned from sources close to the UN diplomatic circle in Geneva that during the last few months the USSR has started informal contacts with Paraguay to establish the bases for possible diplomatic, consular, or commercial relations with our country. [passage omitted]

Our attempts to obtain information on these contacts were blocked by the silence of the Soviet and Paraguayan diplomats. We believe that this silence is significant because none of the contacted sources denied the rumors. We think that the rumors heard by the ULTIMA HORA correspondent at the United Nations are true.

If relations are established, a huge market—with immense possibilities for development—will be opened to Paraguay. From the Soviet point of view, these relations would open a market for Soviet technology and would provide them with a source of raw material and foodstuffs. Paraguayan beef and grain could immediately be sold to the USSR.

Stand on Relations 'Unchanged'

PY0401162890 Asuncion ULTIMA HORA in Spanish 3 Jan 90 p 15

[Excerpt] The Paraguayan Government has no formal intention to establish relations—diplomatic, commercial, or of any nature—with any country in the socialist bloc, especially the USSR, at this time. This was stated by Foreign Minister Luis Maria Argana on 29 December and reasserted on 2 January by Foreign Ministry Undersecretary Hugo Saguier Caballero.

In yesterday's issue we published a report by our correspondent in Geneva (Switzerland) stating that the USSR had begun informal contacts with Paraguay to establish relations between the two countries. Saguier Caballero, however, has said that there was no such contact with the Paraguayan Government, not even through third countries. He did admit that there are countries in the socialist bloc that wish to establish relations with Paraguay.

The foreign relations undersecretary said: "We know that there are some countries in the socialist bloc that wish to establish relations with Paraguay, but no formal contacts have been made. It should be pointed out that the Paraguayan Government's position regarding a relationship with this type of government remains unchanged." [passage omitted]

High-Ranking Armed Forces Officers Promoted

PY0401121090 Asuncion HOY in Spanish 31 Dec p 6

[Summary] Having fulfilled all the requirements, one general and several senior officers have been promoted to the next rank as of 31 December 1989.

From the permanent fighting ranks, Brigadier General Antonio Aguilera Torres and Staff Colonels Aladino Manuel Enciso Ojeda and Jose Cespedes Zarza, have been promoted.

From the permanent service ranks, Quartermaster Colonel Enrique Landaida has been promoted.

Peru

Deputy Comments on Surrender of Noriega

PY0401200490 Lima Television Peruana in Spanish 1700 GMT 4 Jan 89

[Interview with Popular Action Deputy Victor Andres Garcia Belaunte by Ruben Ramos at Congress on 4 January—live]

[Text] [Ramos] What do you think of General Noriega's surrender? What do you think Endara should do now?

[Garcia] The episode had an unusual ending. We have always condemned what Noriega's dictatorship represented, because we had indications of its background. But those who knew him in Lima, like Army General Mercado Jarrin, had said he was essentially a fighter, a courageous man, and that he would not surrender, that he would become a guerrilla fighter if necessary. Well, now he has surrendered like a villain to the U.S. forces.

[Ramos] Sources have said the Vatican pressured him into surrendering.

[Garcia] No one was going to take him out by force. I think we can now finally realize what he is; his real personality has surfaced. He is a criminal who surrendered after hot pursuit by the forces of order, which unfortunately were foreign forces.

[Ramos] Do you think he will get a fair trial in the United States? Why is he not being tried in Panama.?

[Garcia] That is a very interesting legal problem. I think he should be tried in Panama. He is not a U.S. citizen, and the crime was not committed in the United States. I think it is, therefore, not appropriate to try him in the United States. But his is a problem to be decided by experts. I personally think there is an absence of sovereignty here, because the Panamanian Government has looked the other way and refused to try him in its territory.

[Ramos] Perhaps current President Guillermo Endara wants to avoid being involved in the case.

[Garcia] The political problem is very serious. The country has apparently been torn apart, and authorities are not new or above suspicion. They have all been smeared by their participation in the previous regime. Perhaps that is why Endara wanted to avoid trying Noriega. I think he wants to separate himself from the case. It is obviously embarrassing for him.

[Ramos] What do you think it will happen in Panama now?

[Garcia] European governments have begun recognizing Endara's government. Latin American governments are tilting that way as well, despite the fact that they have not said anything. The Peruvian Government will find itself in a difficult situation because it has said, rather hastily, that Endara was the Judas of Central America. European governments are finding a way out; not so, the Peruvian Government.

[Ramos] Some countries are asking for new elections in Panama.

[Garcia] The Panamanian Constitution is very strange—simple; it has few very general articles.

[Ramos] What does it say, for instance?

[Garcia] I cannot recall the constitutional articles, but it speaks of electoral courts that can elect a president. These courts have elected, have proclaimed, Endara president. They have given him the presidential credentials. If this is the case, and if it is in accord with Panamanian laws, it would not be proper to call another election.

[Ramos] Thank you, Mr. Garcia.

More Deputies Comment

PY0501025490 Lima Television Peruana in Spanish 0000 GMT 05 Jan 90

[Text] In Lima, General Manuel Antonio Noriega's surrender has been received with no surprise, because it was the only alternative he had, according to politicians from the different parties. They said that with Noriega's decision the conflict will end, and that if he had held out longer, the political crisis in Panama would have been aggravated.

[Begin recording] [Deputy Manuel Benza] We have to remember that the U.S. troops have used Noriega's misconduct as a pretext to seize the entire country, and that is unacceptable. Now the court will investigate whether Noriega is responsible or not. But please, the U.S. troops must leave today, if possible. Don't you think so?

[Reporter] It has been said that there was a negotiation. What is your idea about this negotiation, considering that Noriega is facing a trial in the United States?

[Popular Action Deputy Victor Andres Garcia] Well, I do not understand what could have been negotiated. If Noriega did not want to leave the nunciature, no one could have forced him to do so. I think that he surrendered because, well, he has a dirty conscience and he is aware of the crimes and atrocities he had committed against his people and the international community. I think his conscience prevailed, and he tacitly recognized that he has committed the crimes he is accused of.

[Reporter] Is it legal to be judged in the United States?

[Garcia] I think the trial in the United States is not legal because he is not a U.S. citizen. If he committed any crimes, he did not commit them in the United States. There is no reason to try him in the United States. He must be tried at the place where the crime was committed. He must be tried by the courts with jurisdiction to do so, and in this case, he must be tried by the courts of his country. I think this trial in the United States is unprecedented. But anyhow, this is a problem between Panama and the United States.

[American Popular Revolutionary Alliance Deputy Romulo Leon] General Noriega has always been a weird personality, who rejected democracy and the essential principles of common sense. Now he is tasting his own medicine. He has surrendered, and I hope the U.S. court will try him impartially and fairly, in accordance with all the legal standards. This is ironic. We all know that such fairness is contrary to what Noriega—an antidemocrat, a dictator, and antipopular leader—represents. The important thing here is that Panama has suffered from aggression and invasion by a foreign power. The Panamanian people must now exert their independence and resolve their problems with the United States and the situation of the canal. [end recording]

Larco Cox on Replacement of Ambassador to Panama

PY0401124790 Lima Television Peruana in Spanish 0000 GMT 4 Jan 90

[Text] Foreign Minister Guillermo Larco Cox has stated that the Peruvian Government will not appoint a new ambassador to Panama as long as the current situation in that country continues. He then said that Peru is observing the evolution of events and that it is international law that must interpret the decisions that have been made by the Vatican and the Panamanian Government.

[Begin recording] [Reporter] Have you appointed a new Peruvian ambassador following the resignation of Mario Castro?

[Larco Cox] We have not yet made a decision since the conditions have not changed. It would not make any sense to appoint a new ambassador to replace one that we removed. The fact that he has resigned makes no difference in the situation. The most important point in terms of our reaction to the Panamanian situation is that we have withdrawn our ambassador.

[Reporter] But the withdrawal of U.S. troops has already begun.

[Larco Cox] It was reported yesterday that 67 have been withdrawn. There are 23,940 more that have to be withdrawn.

[Reporter] What will Peru's position be on this situation? It seems that General Noriega will not be granted asylum.

[Larco Cox] It would be very unwise to give an opinion on that issue. We must wait to see how events develop. It is international law that must interpret the decisions that have been made the Vatican and the Panamanian Government. [end recording]

Daily Comments on Denunciation of TIAR

PY0301214890 Lima EL COMERCIO in Spanish 24 Dec 90 p A 2

[Editorial: "The Denunciation of TIAR"]

[Excerpts] During an urgently convened special session to analyze the U.S. invasion of Panama, the Congress approved the president's denunciation of the Inter-American Reciprocal Assistance Treaty (TIAR).

The treaty, signed in Rio de Janeiro on 2 September 1947 during an Inter-American Conference for Peace and Security on the Continent, was ratified by Peru on 29 September 1950. The treaty was established with the purpose of "preventing and suppressing any threats or acts of aggression against any American country." [passage omitted]

The TIAR has never been used and has been considered not only inoperative but also useless. Furthermore, it was based on fiction, because the military capabilities of our countries are not equal to the military capability of the United States. According to the treaty, Peru has to provide military help to the United States in case of a Soviet attack on that country. We know such a possibility is pure fiction.

The regrettable experience in Panama—where two American countries are opposing each other and where the principles of sovereignty and nonintervention have been violated—calls for a continental reaction and not only a unilateral denunciation as the one approved by Peru. The treaty has a detailed collective system that includes a Consultative Organ, which in the Costa Rica Reforms Protocol defined specific activities as acts of aggression, which recognizes the concept of "collective economic security," and which gives guidelines for amendements and reforms to be proposed by the states.

The procedure used to denounce the TIAR shows an obvious political intention to confront the United States. The issue here is not its worth or lack of usefulness. What is important is the political and economic cost that our country may have to pay for such a confrontation.

According to Article 5 of the Costa Rica Protocol (Art. 25 in the original TIAR treaty), a denunciation must be conveyed to the other member countries, and then two years must pass before it becomes effective. Let us hope that a collective agreement can be reached during this period so that Peru does not end up isolated. Let us hope that the initial purpose of genuine reciprocal assistance for peace and security on the continent can be saved.

* Loss by Liberty Movement Candidates Predicted

90ET0057A Lima EL NACIONAL in Spanish 26 Nov 89 pp 18-19

[Article by Marcos Roncagliolo Berger: "All of Vargas Llosa's Men"]

[Text] With the end of the victory celebration of Ricardo Belmont who, with his "little tree," put a damper on Fredemo's [Democratic Front] festivities in the race for the Lima mayor's office, a question is being asked at Liberty Movement offices: Who will be the ultimate winners on the Democratic Front's list for senators and congressmen? A clarion call sounded upon the public disclosure of the battle between Francisco "Pancho" Diez Canseco and Cesar Larraburre, who decided to "break up," each going his own way, leaving the "mini" party allied with Fredemo, the Independent Civic Union (UCI), moribund.

The reason was very simple: They fought because each wanted to devise his own list for the congressional elections in the sector belonging to him; just as when they left Andres Townsend with only the defunct Hayaist Movement [MBH]. Now, Diez Canseco and Larraburre are like a "dog and cat."

Another clarion call, and this time with greater repercussions on the ears of the Liberty Movement members, was the "awakening" of Javier Alva Orlandini, the party's strong man in the previous Belaunde government. With renewed energy, he put forth the proposition that Popular Action [AP] had to face the 1990 elections as a single party. The fighting power of Alva Orlandini who, like it or not, had Popular Action's entire battle apparatus in his hands, should not be underestimated.

Rough Waters

It is no secret to anyone that a political alliance has the fragility of a glass. Peru's political history is plagued with examples of how allies, once they won elections, ended up abandoning "ship" or becoming the worst enemies of their "friends."

Two strong parties on the national level, with influential members and an image in the media, are unquestionably Popular Action and the Popular Christian Party [PPC].

Apart from Liberty, a group which controls much of the financial flow to the Fredemo conglomerate, the others are "second string." Included therein are Sode [Solidarity and Democracy] and the now fragmented UCI, which are parties "on tenterhooks."

Nevertheless, when it is time to add and make totals, these "miniparties" turn out to have candidates of the "heavyweight type," with an obvious national presence.

It is easier for any voter to identify an ever omnipresent Javier Silva Ruete, a visible figure in any government that existed over the past 20 years, with the sole exception of the second governnment of Belaunde, of whom he was a stubborn opponent, than an "unknown" Rafael Rey Rey, a prominent figure in Opus Dei and Liberty.

Rowing Upstream

The preferential vote is one of the brain-rackers in Liberty: like launching almost clandestine candidates to pit them against "heavyweights" in everyday politics.

Thus far there have been only timid attempts at breaking the isolation from public opinion. Excluding Alvaro Vargas Llosa, who takes advantage of his surname and his status as press chief for self-promotion, the others in Liberty are in the "scrap heap" category.

Enrique Ghersi, an attorney, teacher, and co-author of "The Other Path," is one of those best handling the opportunities that have been offered him in the newspapers friendly toward "Liberty" and on the private channels.

Another opportunistic, shrewd student is Pablo Cateriano, an attorney and expert on constitutional law, who apparently has the thankless and at times unproductive task of "slinging mud" at any adversary confronting him. Cateriano, the assistant general secretary to Mario Vargas Llosa, will have to moderate his attacks unless he wants to end up as part of the political "folklore." There is also Miguel Vega Alvear, for whom businessmen, period, will vote.

The list of "visibles" ends with Rafael Rey Rey, Opus Dei's "factotum." He will apparently receive 10,000 sure votes from his "brothers."

And the count stops: There are no more figures with national repercussions in Liberty. In the newspaper files no one knows the Ghersis, Caterianos, or Reys, and it is only logical that those ranking after them are worse. Little work awaits their image advisers. Therefore, taking as an example Alfredo Barnechea, a former Aprista; Raul Ferrero, who had his "quarter of an hour" as dean of the Bar Association; and the neo-AP member, Miguel Cruchaga, they sweep the "primaries" in Liberty.

But, as if that were not enough, Fernando "Popi" Olivera, a "planet" and former PPC member, is on the prowl. With his little "broom" party, he too is integrated into Fredemo.

Olivera is a complete "celebrity," imitated by Carlos Alvarez ("Laughter and Spice" also exalted Ricardo Belmont); he wins over Liberty's small best group at a gallop. Hence, the fears of the preferential vote are logical, considering the fact that, once elected, all those who climbed on Fredemo's bandwagon may leave Vargas Llosa's party an orphan with "clout," and they might end up in command. Popular Action and PPC are the Liberty Movement's "sly ones."

'Owl on the Attack'

Javier Alva Orlandini [JAO] was the "political boss" in Popular Action. The tough battle that he had with Manuel Ulloa is well known. The latter, despite his backing from Belaunde, could not defeat the "coyotes" cleverly manipulated by JAO.

Alva beat him in the internal elections and on the street. Ulloa and Popular Action's "little white ones" always ended up losing when they opposed Alva's hard ones.

Alva inevitably took the "rap" for the Populist disaster and was swept away in the 1985 elections. But now he is "retreaded," and has new plumage. Alva has begun dealing his first blows.

Alva's latest act was to assume the authority to tell a large group of Alvistas that it would be better for AP to run alone in the 1990 elections.

A Belaunde concerned over Alva's "impromptu" acts hastened to the usual rescue, pointing out that Alva was talking only at a gathering of friends.

Friends or fellow party members: The matter does not end there. Alva has bared the thinking of many Populists who, with two governments on their backs, do not consider it good business to share power with a "bunch" of unknown people.

In the Populist quarters there are more than enough "illustrious" names already voted for at the polls. A few, taken at random, are Manuel Ulloa, Javier Alva, Javier Diaz Orihuela, Aureo Zegarra, Gaston Acurio, Eduardo Calmell, Javier Arias Stella, Sandro Mariategui, Eduardo Orrego, Carlos Pestana, Fernando Schwald Lopez Aldana, Ernesto "Chapulin" Gamarra, and Francisco Belaunde: almost none.

In all the editorial offices there are hefty files containing their photos and activities.

What Is Happening in the PPC?

It is apparently "spare the rod and spoil the child," and this time Luis Bedoya Reyes will be more careful in choosing his electoral traveling "companions." The frustrating experience of running with "friends" who, once in office, abandoned PPC and went off to found parties, even with the "enemy," must weigh heavily on the the "toucan's" mind.

Still throbbing there are the memories of the "climbs" made by Francisco Diez Canseco, Cesar Larraburre, Esteban Roca, Fernando "Popi" Olivera, Hector Marisca, and Miguel Angel Mufarech (now seeking reconciliation) who, once they had arrived, exploded other nests. Even Townsend himself, who was left with only his Hayaist Movement, had no recourse other than to

attempt to rejoin APRA [American Popular Revolutionary Alliance], something that has not happened thus far.

Amid so much tribulation there has emerged Alberto Borea, an ex-Aprista and also an MBH "brother," who joined PPC where, after a scintillating career, he is now one of the associate secretaries. This power is arousing some distrust among the old Bedoyista "aristocrats."

Borea has not given himself any rest or respite for implementing Belaunde's proposition of going into "deep Peru" in search of votes. With a skillful image handling and an expensive public relations team, Borea hopes to be the most-voted-for senator in Fredemo, and to be seated waiting for 1995.

This 100-meter race has raised the antennas of the PPC group. It is still recalled how Ernesto Alayza Grundy, an aristocrat from PPC, was left without a seat for trusting in and resting on his withered laurels. The Borea style has evoked more than one resentment in the PPC.

But it should not be thought that Borea is playing on a field without a scorekeeper. There are several "heavyweights" there who have just warmed up their engines. The sons of "Papa" Javier Bedoya, whom they call a boy with a great future, and Luis Bedoya de Vivanco, the former mayor of Miraflores, are the roosters in the "toucan's" coop. "Only authentic PPC members" might be the battle slogan.

There are also Enrique Elias Laroza, Felipe Osterling, Roberto Ramirez del Villar, Antero Flores Araoz, another one of the associate secretaries, Lourdes Flores Nano, and Ernesto Blume, who boasts the strategic position of national secretary of municipal and regional governments.

Blume, who was vice minister of justice and first councilman in the municipality of Lima during Alfonso Barrantes' time, has also deployed an intense campaign on the national level to shore up the PPC as a party with popular roots.

He has remarked that the progress is considerable, and that the PPC can now boast of having winning candidates on the coast, in the mountains, and in the jungle. "One of the best examples is that we have heightened our presence in Lima with PPC mayors who have added votes for Fredemo."

In contrast to such predictions, the fact is that the situation in Liberty is still confused. How can it oppose parties that have been fighting for a long time; and how can candidates be pitted against people who are used to manipulating their image?

As if that were not enough, those "flirting" with Ricardo Belmont may complicate his situation further still. None of the major parties would be willing to sacrifice their share for the benefit of the "Colorao." The voids would have to occur within Liberty. This being the case, the situation in Fredemo is complicated. There are many hands and many people wishing to arrive, but obviously only a few will achieve that. The Belmont phenomenon is a clear demonstration. Without promotion and display in the media, Liberty's "kids" are lost.

The popular shout in minibuses might be applied to them: "There's room in the rear."

* Economic Measures Presented at CADE 89

* Speeches, Reactions Viewed

90ET0059A Lima CARETAS in Spanish
4 Dec 89 pp 11-15, 88

[Text] The Fredemo [Democratic Front] candidate for president, Mario Vargas Llosa, disclosed on Saturday evening that if he comes to power next April, he would implement a drastic economic "shock" program with a definite export orientation. The announcement of this "big package" was applauded by many businessmen who attended CADE [National Conference of Business Executives] 89, but it also gave rise to uneasiness, concern, and understandable headaches.

First one person rose, then another, and finally all (or almost all) of the thousand or so people attending the Annual Conference of Business Executives of the Peruvian Institute of Business Administration [IPAE] wound up giving Mario Vargas Llosa a standing ovation.

It was the grand finale of the IPAE's CADE 89.

The speech by the Democratic Front's presidential candidate (55 dense, literary pages) was and is an ideological document of paramount importance in the campaign now under way and will be a standard reference work over the years to come if the writer is elected.

"The collectivist utopia is not dying," he says in one of the opening paragraphs. "It is already a rotting cadaver whose death rattle we are witnessing, buoyed with hope and astonished by the impressive turn towards democracy and liberal values that contemporary history has taken."

If this were just a reference to last week in Prague or to the crumbling of the Berlin wall a month ago, no one would be able to raise a single objection to Vargas Llosa.

In the rest of his message, however, the candidate establishes broadly, insistently, and starkly that the surgical and purgative liberalism to which he is referring is of the sort that would bring Milton Friedman, Margaret Thatcher, and General Pinochet to their feet, not necessarily and deliberately many of the Peruvian businessmen who attended CADE 89.

And Vargas Llosa took the liberty of announcing as much:

"I have an obligation to tell you that no matter how harsh the two initial stages (of my program) may be, they are unavoidable if we want to resolve once and for all the

economic crisis that is afflicting our country." Later, responding to a question, he added: "Even if someone came and knocked on my door to tell me that he was bankrupt, I wouldn't change the program because it's part of a system."

What will the program be like?

If summer had not already descended on the charming grounds surrounding the El Pueblo de Santa Clara Hotel and if the hope of a Fredemo victory were not blind and selective, many in the audience would have broken into a cold sweat just thinking about the belt-tightening and labor conflicts that it will entail.

Goals and Instruments

The goals, to be sure, are impeccable. During the first year, Vargas Llosa says, the aim will be to reduce inflation to an annual maximum of 10 percent "by correcting relative prices" and "by adopting measures to restore a balance between spending and revenues." Later, through the workings of a market that could turn out to be bloody, the production machine will be overhauled so that it becomes competitive internationally.

He adds sincerely, however, that the first stage "will be the most difficult and toughest" because it will have a "temporary recessionary character." Then will come 2 more years of a "liberalization" program that will still be a painful, "emergency" one. The instruments for carrying out the two stages suggest surgery without anesthesia:

- A general decontrol of prices and rates and the removal of subsidies. This means that the cost of a gallon of gasoline could increase several-fold, that electricity rates could soar, and that the family market basket, which today consists of controlled and subsidized items, may skyrocket in price.

(Economist Alberto Abusada indicates that a gallon of gas currently costs one-fourth of what it did in 1985 and that telephone rates are just 10 percent of what they were then. His colleague Raul Salazar, seated to the right of Vargas Llosa, estimates that if prices were decontrolled today, the monthly inflation rate would be no less than 200 percent. Accordingly, Abusada calls the program the "Vargas bombshell," not the "big package.")

- Decontrol of the exchange rate, seeking a stable but expensive dollar that will discourage imports.
- A radical modification of the system of job security by lengthening the trial period and expanding the grounds for dismissal (including poor performance). The government will set only a minimum living wage, leaving everything else up to supply and demand and a system of collective bargaining without State intervention. Also, a change in the strike law, introducing a secret, universal ballot in trade union decisionmaking, and the elimination of the labor community.

Difficulties

Any observer of the Peruvian political and social scene in recent decades could list a whole series of difficulties here. But there is more:

- An increase in the tax burden, from 4 to 15 percent, with all types of exemptions eliminated and with emphasis on the capital tax and, in particular, on indirect revenues from the IGV [general sales tax] and the selective tax on consumption.
- Lowering tariff protection, which currently averages 80 percent. The ceiling would initially be reduced to 40 percent and would level off at between 15 and 20 percent in 2 years at the most.
- Decontrol of interest rates, which have been a traditional way of subsidizing business expansion.

In presenting their line of reasoning, to be sure, Vargas Llosa and the team of free-market extremists who stand behind him in Liberty offer some thought-provoking quid pro quos:

- The cutbacks in personnel would be accompanied by more substantial severance pay. A system of profit-sharing would be adopted in eliminating the labor community. The changes in the strike law could unquestionably trigger a move towards genuine democracy in unions that have traditionally been run by entrenched cliques.

Moreover, it is obvious that the country in principle needs to spur exports, not imports, and it is true that the tax burden has fallen to one of the lowest levels in Latin America. Furthermore, no one doubts that excessive protectionism has created preposterously inefficient companies. International competition is important, as is the inflow of foreign investment that Vargas Llosa promises to encourage in all areas, including some that are now reserved for the State.

Finally, the system of food subsidies (even in its most recent, moderate version) has become a monster that has caused large budget deficits and inflation, thus boomeranging and destabilizing the buying power of wages during this administration and the previous one as well.

The problem lies in the trauma that the transition from one system to the other could cause in an already violent country and in the apparently utopian view that Vargas Llosa and his closest colleagues have of the free-market economy. In their faith they at times do not seem to take into account certain unpleasant facts, such as the persistence of heavy government intervention in agriculture in highly efficient societies such as the United States and the EEC or the shameful rate at which private capital is being sent abroad from most of Latin America.

From Beltran to Barrantes

To be sure, at this juncture, with perestroyka toppling governments in communist Europe like so many dominoes, even the best known Peruvian leftists sound a little like Pedro Beltran today.

Alfonso Barrantes, the presidential candidate of Socialist Left [IS], and Henry Pease, the United Left [IU] candidate, both asserted in their prior addresses to CADE 89 that they too planned to reduce the scope of government and ruled out the possibility of further nationalizations. Frejolito publicly renounced the idea of taking over the Southern Peru Company.

But there could be more than a minor difference between what is said in 1989 and what is done in 1990, and as President Alan Garcia Perez clearly showed, such a minor difference can at times be as subtle as an armored police vehicle.

Vargas Llosa is not only talking about cutting back government, of course; he is also announcing that virtually all of the enterprises in the public sector, "including the most profitable and efficient ones" (in other words, the Peruvian Telephone Company, Banco Continental, Aeroperu, the Sociedad Paramonga, etc.) are liable to be sold off. The candidate has spoken of an initial group of 70 enterprises.

There could be many a slip 'twixt cup and lip here, too. The State has been trying unsuccessfully since the time of Francisco Morales Bermudez to rid itself of millstones and assets from the Velasco period. And we are not the only ones with the problem. In Argentina the boldest efforts to privatize by regimes such as Videla's and Alfonsin's got nowhere.

No one wants the failing firms, and in contrast each sale of an efficient enterprise could turn into a major political scandal, with charges of plutocratic favoritism and the loss of profitability for a government that is per se extremely poor.

We might ask whether Fredemo will have a parliamentary majority in both houses and whether Vargas Llosa will have the support he needs within Fredemo. Indeed, the extreme free-market philosophy of the writer's circle in Liberty is not shared with equal conviction in Popular Action [AP] or even in the Popular Christian Party [PPC].

We should recall that during both of Fernando Belaunde Terry's terms the AP-PPC alliance did very little to reduce the size of government. What is more, Belaunde's convictions prompted him to take Keynesian measures in the style of Franklin Delano Roosevelt's "New Deal," with major public works programs to provide jobs.

No Concessions

Vargas Llosa makes no concessions in setting forth his position, rejecting the idea of a "national accord" with other political forces and seeking a "clear and unequivocal mandate" for his policies.

The problem is that in politics, regardless of philosophies and government programs, one does things as one goes along, and public opinion can be an unfaithful and far from understanding lover when things heat up.

A leader must then find a way to control the political machine, and a president a way to have Congress pass his bills; otherwise, he runs the risk of being in the right but winding up shackled.

In short, at this point Vargas Llosa ought not only to be proposing with (unquestionably admirable) frankness the free-market measures that he plans to take if he comes to power, but also to begin building the framework of specific understandings and tacit accords that are part of a viable government here and anywhere in the world.

And the candidate could well moderate some of his convictions. Late Saturday night around a table in the Crillon Hotel in Lima a businessman was chatting with the CARETAS journalists who were preparing this article. He too had been at CADE 89 and voiced his disagreement with some of Vargas Llosa's ideas, particularly as regards job security.

"He is forgetting," he said, "that in Japan, the most productive economic power in the world today, there is virtually complete job security and that it is a capitalist system that not only has operated with a high degree of protectionism but has also assigned the State, as has South Korea, a very important role."

And so, with after-dinner talks and new burdens CADE 89 deliberated this year on the "Foundations for Development," with the four main presidential candidates in attendance (including Luis Alva Castro), thus bringing a hectic political week to a solid close.

The president of the Republic, who has not attended CADE gatherings since 1986, was present in the minds of many. He had called the biggest industrial exporters "sharks" at a meeting in the palace and shortly before that had accused Vargas Llosa of scheming to fire 500,000 civil servants (see box). He also organized a somewhat extravagant celebration on the occasion of reestablishing relations with North Korea, defying the critics and prompting a flood of resignations in the Foreign Relations Consulting Commission.

But under the circus tent that IPAE had set up in El Pueblo, CADE 89 kept on deliberating in the Noah's Ark atmosphere that it evokes year after year amid the flood of our ongoing crisis.

[Box, pp 15, 88] Other Plans

When it came to outlining the economic policy that they will pursue if they are elected, none of the other speakers were as clear as Vargas Llosa. However, the candidate of United Left, Henry Pease, was not very far removed from the Vargas Llosa style in calling a spade a spade.

Pease did not hesitate to indicate that under an IU administration the government would plan production activities "in concert," a term that livened up the debate. Pease even took the trouble to explain to businessmen the reasons for his position, and without resorting to

much euphemism. Thus, amid the widespread feeling in political, business, and academic circles that "the country can grow only by boosting exports," Pease came out and said not at all shyly that this is not the answer for Peru. In a tone befitting his professorial activities, he indicated that the "promotion of exports based on a high exchange rate sacrifices the well being of the population." Pease therefore proposed a production model designed to meet the needs of the domestic market on a priority basis.

The rest of the candidates, in contrast, uniformly backed the idea of promoting exports.

Aside from this, we must acknowledge that Alva Castro and Barrantes, the APRA [American Popular Revolutionary Alliance] and IS candidates, were less explicit in their statements. They proposed a "national accord" on the most important points for the country's development and agreed with Pease on the need for tax reform and on overhauling the State and its enterprises that had proven to be inefficient.

The three candidates defended job security as a right that the workers had won. They also concurred on the need to review indiscriminate subsidies, but came out in favor of selective ones.

Another point on which there were no disagreements was the treatment of the foreign debt. To all of them the payment of the debt does not come before the country's growth. Moreover, they clarified that they would sit down to negotiate with creditors in order to find arrangements other than traditional ones. They also supported the decentralization of government economic activity so that a process of regionalization consistent with the country's new demands can begin.

Furthermore, although the three strongly defended the process of parceling out land, only the ruling-party candidate spoke of the need for legislation to allow the private sector to purchase idle land for agroindustry. Another unusual proposal by Alva Castro was the creation of a Superintendency of Taxes and Customs, which would operate like the Superintendency of Banking and Insurance. He also spoke more directly about the need to sell off public enterprises and, like Vargas Llosa, put forth the idea of cutting the number of taxes from 36 to 11.

This was not his only common ground with the Fredemo leader, however. Surprisingly, he too said that his program called for the standardization of customs tariffs at an average of 25 percent.

Alva and Barrantes spoke of the need for foreign investment, but the latter noted that he realized how little possibility there was of obtaining loans from the international financial system, given the current external conditions, which are unfavorable to Latin America. Alva Castro, on the other hand, was frankly optimistic and pinned many of his hopes for development on attracting new capital. Pease was emphatic in downplaying the importance of foreign capital, however, saying that "it is proven that it cannot direct a country's productive investments."

Although the problem of a "pending adjustment" was on the minds of all who attended the CADE, only Vargas Llosa, Pease, and Barrantes mentioned it in their speeches. Alva Castro sidestepped the topic, thus avoiding a controversy in which he had everything to lose. The other two candidates, for their part, did not explain in detail how they would attack hyperinflation. Barrantes said at one point in his address that he would reduce inflation by pursuing a stabilization program, but he did not indicate its features. At another point in his address, however, he offered "a strict and tight handling of macroeconomic policy so as to strike a balance between supply and demand." He also mentioned in passing "the need for a readjustment of relative prices, so that the budget deficit, the foreign exchange deficit, and the gap between savings and investment are narrowed." Pease merely maintained that "hyperinflation would be combated gradually, because a crash program would cause the death of thousands of children and, in turn, heighten violence in the country." Nevertheless, he was not able to explain to an audience that has been vaccinated against gradualism how a gradual stabilization would be brought about.

* Vargas Llosa's Speech

90ET0059B Lima EL COMERCIO in Spanish 3 Dec 89 p 4a

[Text] "A no less exciting, difficult, but perfectly possible task awaits us: to build upon poverty, ruin, and the violence of the new barbarism into which he have fallen, a different, free, modern country that is open to the world and to change, without discrimination or privileges among its children, a country reconciled and in common cause, ready to face competition and the future with optimism."

These are the key words in the address that Fredemo presidential candidate Mario Vargas Llosa delivered yesterday at CADE [National Conference of Business Executives] 89.

"A Peru with opportunities so that the poor can rise up from poverty by working under a system of freedom and justice, in a society with solid institutions and efficient enterprises.

"A Peru whose government, strict and austere in managing its resources, will enforce the law and return to citizens the rights and initiatives that it has abridged."

Prior to this he gave a stark description of the crisis, emphasizing the following points:

- The magnitude of the crisis is such that even if the country were to grow at a 6-percent-a-year pace over the next 5 years (an extremely ambitious goal), we would not achieve our 1985 per capita GDP [gross domestic product] by 1995.

- Thirty years ago Peru was in eighth place among Latin American countries. Today it is in 14th.
- Inflation, the tax that demagogical governments collect from their citizens, will exceed 1 million percent under this administration.
- Over the past 5 years, Mr Alan Garcia Perez, whose administration is currently printing in less than 8 hours as much money as the previous administration did in 5 years, has caused more inflation than the 20 previous administrations together over the past 70 years.
- Not only has extreme poverty worsened since 1985, but there has been widespread impoverishment among Peruvians.
- Those who believed what Alan Garcia said in this same forum in 1984 and who invested their savings in intis got a raw deal. Today they have left less than 2 percent of what they saved. The government has performed a regressive redistribution of 98 percent of the savings of Peruvians over the past 5 years.
- Peru's infant mortality rate today is five times that of Chile, almost double that of Colombia and Mexico, and half again as much as that of Ecuador and Brazil.

"This is the Peru that the administration of Mr Garcia Perez will bequeath in July of next year to the Peruvians who believed in him. We can therefore say that having received a Third World country, he will hand over to his successor a country so crestfallen and abused that it borders on the fourth world," he said, concluding his diagnosis.

Proposal

Prominent among the objectives of the economic reform proposed by the Democratic Front is the establishment of an unfettered, competitive economy as the foundation of an open society. "The center of a political democracy is the citizen, not the authorities. An economic democracy must find its center in the consumer, not the producer, much less in the bureaucrat. After 170 years of republican life Peruvians have not yet built a political and economic democracy that recognizes and promotes their rights as citizens and consumers."

"This is what we want to create. A system that brings in the economic freedom that at times existed in constitutions but never in reality. A system that aims at efficiency, that rewards success, and that enables economic agents to face the consequences of their wise decisions and their mistakes; that offers equal opportunity to all, opportunity comparable to that of citizens in the advanced democracies; an order that will do away with privileges and monopolies and eliminate the political factor in economic decisionmaking. A regime whose foundation, hub, and end is the freedom that Peruvians have so far not known."

As components of the economic reform he mentioned programs of stabilization and decontrol, programs to promote production and rejoin the international financial community, and the social-support program.

Policy Tools

Consistent fiscal, monetary, exchange rate, pricing, and wage policies will be pursued under the stabilization program.

The goal of fiscal policy will be to eliminate the budget deficit.

"We will have a stage of tax emergency, accompanied by a reform of taxation....We will place emphasis on indirect revenues from the general sales tax and the selective consumption tax, particularly the fuel tax, on the capital tax, and on the elimination of exemptions....Government spending will be reordered to give priority to the battle against subversion, the repair and restoration of infrastructure (hospitals, schools, roads, energy), and the most pressing manifestations of poverty."

In monetary policy the Central Bank will be allowed to fulfill its constitutional mandate to insure the stability of our currency. "To this end it will be provided with a qualified and responsible board."

As for exchange rate policy, he asserted that it would be based on a single rate, whose real level will remain stable over time, will be high in relative terms, and will later be responsive to the economy's actual performance.

As for pricing policy, he said that the "aim of the new policy will be to allow the market to determine the value of each good or service, so that prices reflect their relative scarcity. To achieve this, prices will be decontrolled, and an attempt will be made to expand competition in all markets by eliminating restrictive and monopolistic practices, both public and private."

As for pay, the first major measure will be to halt inflation. In addition, the minimum income must insure a decent level of subsistence. "Once price stability has been attained, the system will set pay levels, which is something that workers and employers will decide. The State will merely point out the legal minimum income, encourage the parties to reconcile their differences on their own, and intervene in those exceptional cases in which there is no agreement."

Social Support Program

In order to ease the rigors of the inevitable stabilization program, Vargas Llosa described in detail the social support program, "which would last 3 years and be designed to meet the basic subsistence requirements of the poorest Peruvians."

"The program provides for a fund to finance social action tasks for a set period. This fund will be used to finance projects in the areas of foodstuffs, health care, and productive employment.

"A food program must be undertaken immediately and the target families involved in implementing it so that they can manage it efficiently. Special attention must be paid to the kind of foods that are distributed under the program so that we can educate our people as to a proper diet.

"The program will aim at meeting basic nutritional needs. During the first year the foodstuffs will continue to be channeled through existing programs.

"The health care programs will focus mainly on preventive medicine and primary care for mothers and children.

"Given the deterioration of public assets, a productive employment program will include labor intensive projects to maintain and repair public works. Such projects have very high rates of return.

"National and international solidarity will be appealed to in carrying out the program so that the involvement of nongovernmental and nonpolitical institutions, such as religious and trade union organizations, is guaranteed. So that it is managed appropriately a small, professional, and private management commission must be set up to perform in accordance with guidelines similar to those of the so-called 'second floor' financial institutions. The program will thus truly benefit the needy, and political interference and corruption will be prevented."

Job Security

Vargas Llosa said that job security demands "a radical change of approach," proposing several of the moves that ought to dampen the adverse effects of the current system.

Thus, the concept of just cause for dismissal, to which the constitution refers, will be extended beyond the serious wrongdoing of which the current language of the law speaks, to include other grounds such as a worker's lack of productivity. The choice between replacement in the job and compensatory damages will no longer be exclusively the worker's. Petitions to reduce staffing for technical reasons, such as changes in the market or shortage of inputs, will be processed more smoothly. The trial period will be extended to a sufficient length so as to evaluate a worker's ability. Incentives will be given to ways of doing business other than having dependent workers.

* Economic Policy Outlined

90ET0059C Lima EL COMERCIO in Spanish 4 Dec 89 p 1e

[Text] "The liberalization of our economy comprises three reforms: tax reform, tariff reform, and the reform of our financial system," said Fredemo [Democratic Front] presidential candidate Mario Vargas LLosa at IPAE's [Peruvian Institute of Business Administration] CADE [National Conference of Business Executives] 89.

Tax Reform

"The development of other countries has run parallel to increasing efficiency in collecting taxes. Tax revenues in Peru do not meet minimal fiscal needs.

"This is due to several factors: a poor tax structure (too many taxes with too many exemptions), very little stability (the rates, whom they apply to, and the method of collecting them change often, and periodic tax amnesties are granted, thus insuring that evaders will go unpunished), and, moreover, a poorly paid tax administration system without material support that has become highly corrupt.

"The reform will entail a new and equitable orientation, a reduction in the number of taxes, and a refinement of tax system oversight and administration. The new system will promote investment and exports. And it will be neutral as far as the fields of economic activity are concerned; it will grant neither exemptions nor preferences to alter the profitability of certain sectors.

"Tax reform must be the object of many preliminary studies. We have been conducting them. I can disclose some guidelines:

- A reduction in the number of taxes to fewer than 10 and the streamlining of their scales
- The elimination of exemptions and privileges
- The elimination of tax amnesties
- Replacing the punitive impact of our successful direct taxes with mechanisms to tax the amounts of income withdrawn as cash dividends, in order to promote the creation of wealth and capital formation
- Adjustment of the capital tax
- Adoption of the Value Added Tax (VAT) to replace the General Sales Tax, with its rates adjusted so as to expand the revenue base
- Replacing the selective tax on consumption with specific taxes
- Dogged pursuit of and severe penalties for tax evasion, while enhancing and moralizing tax oversight and making examples of certain cases

Tariff Reform

"As for tariff reform, its purpose is to reorient the production machine and improve its ability to compete on international markets, to improve the quality and price of domestic products, thus yielding greater benefits to consumers, and, at the same time, to expand and diversify our exports.

"When we speak of opening up to the world, we are setting for ourselves a task that cannot be postponed: making our economy competitive. Only if companies become aware of this and make a commitment to compete as a national goal will we join the modern world without complexes and will we undertake an adventure with a certain destination: our own individual success, which when joined to the success of others, means success for the entire country.

"The current tariff, tariff-related, and exchange rate policy is a confused system of arbitrary protectionism, and it has promoted inefficiency and corruption.

"Tariff reform will have the following features:

- The unfettered importation of goods and services will be allowed
- Legal and administrative antidumping mechanisms will be employed
- Existing tariffs will initially be placed into three categories, each of which will have a single rate. The items in each category and the specific tariff levels will be indicated in detail when the studies that we are conducting are completed. Nonetheless, we can foresee, in the beginning, a minimum tariff of no less than 10 percent and a maximum one not to exceed 40 percent.
- These tariffs will be gradually standardized, on an automatic, nonnegotiable basis, under a timetable that will be announced in advance so that we can have a single tariff of 15 to 20 percent in no more than 2 years or so.
- All tariff exemptions and preferential rates will be abolished, and
- A streamlined mechanism for temporary importation will be instituted

"Let us not forget that this reform will take place within the framework of other policies that will maintain a realistic, stable exchange rate. It will also be accompanied by institutional reforms such as the privatization of port and customs services, the elimination of cost overruns in the factors of production, and the loosening of labor-market conditions so that job opportunities can be expanded."

Financial Reform

As for the financial reform, he said that its goal would be to adapt the national financial system to the new economic policy.

It calls for privatizing state-run banks, opening the market to new domestic and international institutions, and reassessing the role of promotional banks and sector financial institutions, the Agrarian Bank being pointed to as "the most urgent case."

The idea is that the Agrarian Bank will limit itself to promoting marginal agriculture and that private banks will finance farming after the problems of the lack of suitable guarantees are resolved; the increase in finance charges is expected to be offset by tariff policy and the decontrol of farm prices.

In addition, interest rates will be decontrolled, and competition among banks will be introduced in order to put new life into the market, along with reforms that will insure transparency and moderate costs.

* Pease's Economic Program

90ET0059D Lima EL COMERCIO in Spanish 3 Dec 89 p 4a

[Text] United Left [IU] candidate Henry Pease Garcia supported the controversial "labor exchange" project in the construction industry and denied that thought is being given to the nationalization of foreign companies such as Southern, the domestic banking system, and production activities.

Pease also defended the agrarian reform initiated by the military government, indicating that it was a sort of insurance that, in his opinion, has contained the advance of Shining Path. However, he criticized the top-down, authoritarian manner in which it has been carried out.

He said that he wanted a streamlined government that allocates resources instead of an inoperative and inefficient "mammoth."

As far as economic policy is concerned, he said that a program combining shock treatment with gradualism to battle the current runaway inflation is under study in a bid to prevent the production machine from being destroyed and Peruvians from being further impoverished and to protect the assets of businessmen and the buying power of the workers.

He said that exports would be promoted through agreements between employers and government on incentives, not by a traumatic devaluation that would have a destructive impact.

During the morning session of the final day of the IPAE's [Peruvian Institute of Business Administration] annual business executives conference, Dr Pease called for "democratizing" and transforming the State, suggesting that the number of ministries be reduced and that governmental and decisionmaking powers be transferred to regional governments.

United Left, he said, wants a "new, streamlined, and austere" State "with a predominance of social self-government," adding that the changes will be made "while advancing in freedom."

Pease said of the parties that make up United Left that "we are more polarized, less ambiguous, largely predictable, without subterfuge, and for better or for worse, there is passion in our camp."

He said that Peru must change radically; nevertheless, he emphasized mechanisms that are already known or have already been spelled out, such as "concerted planning" and the turn-of-the-century idea of "Let us Peruvianize Peru."

In this regard he said that concerted planning seeks to make the laws of supply and demand "a constructive guide, not a guillotine."

He strongly defended his view of democracy, indicating that he is opposed to blank checks and to the notion of

enlightened, providential figures and in favor of rulers who practice the politics of consensus and consult with social organizations about day-to-day decisions.

He proposed a nationwide debate on developing Camisea gas to give the government the moral authority it needs and to look into the urgency of complementing foreign investment with regional development and concurrent investments in processing.

The man in charge of the IU Government Plan, Javier Iguiniz, who assisted him in replying to the panel's questions, spoke clearly and asked for time to develop answers.

With regard to the overhaul of production Pease said that it must not cause the production machine to break down or lose components.

Economic recovery must be selective, with priority given to the items in the basic market basket, with low unit costs.

As for savings and investment, he demanded austerity of high-income sectors and a "tax revolution" and called on public enterprises not to lapse into "dissavings," also emphasizing efficiency in investment projects.

As far as United Left is concerned, he added, the industrial restructuring has to aim at production for the masses that has a low unit cost and little imported input.

In IU's view, reincorporation into the international economy must be guided by the processing of resources inside Peru, thus abandoning the long-time model of exporting raw materials without value added.

* Economic Proposals Analyzed

90ET0059E Lima EL COMERCIO in Spanish
4 Dec 89 p 1e

[Analysis by J. Z. S.: "The Left Towards the Center; 'The Free-Market Revolution'"]

[Text] Although the organizers did not intend it that way, the major campaign debates on the economy began last week at the 1989 session of CADE [National Conference of Business Executives].

The audience noted the move of leftist parties towards the center or to positions that are to the liking of most businessmen in the short run.

They also saw the Fredemo [Democratic Front] candidate, Mario Vargas Llosa, launch his "free-market revolution."

Paradoxically, businessmen were pleased by the proposals from leftist representatives, who offered sugar-coated solutions to the structural problems in production that have been worsened by protectionism and reliance on independent wealth.

And they expressed surprise or apprehension of a sort when they heard Vargas Llosa explain his drastic reforms in detail.

After the Fredemo candidate's speech, more than 200 questions demanding more specifics were addressed to the moderator's table; they were written down by businessmen, presidents, and managers of banks and state-run enterprises, as well as medium and small businessmen who were uneasy about their prospects in an economy in which relations are dominated by the laws of the marketplace.

Vargas Llosa sensed the businessmen's misgivings and during the period of questions from the public gave assurances that he would not be a dogmatic free marketer and would take into account the sense of the citizenry and the public's feelings. Nevertheless, he called forcefully for ridding the economy of the paternalism and reliance on independent wealth that have prevailed for decades.

If there was any consensus among the candidates, it was concerning the overhaul or shrinking of government, though they still disagreed on how to accomplish this.

Paradoxically, the left-wing candidates seemed conservative, while the Fredemo candidate seemed like a bold, naive, candid innovator, but at the same time an advocate of eliminating existing differences, as revealed by the kindest social and economic indicators.

Are free market prescriptions the answer to a bankrupt, nonexistent State that certain groups are taking advantage of?

Vargas Llosa implicitly rejected the notion that he was calling for a carbon copy of "Thatcherism" in our country.

We must acknowledge that he and Pease were the most up-front and specific in setting forth their antigovernment goals.

Businessmen have begun taking their announcements into account in their decisionmaking.

The decontrol of relative prices that Vargas Llosa spoke of means eliminating the current "holding back" of prices and rates and restoring macroeconomic balances.

Contrary to what his critics were expecting, he did not call for growth to pay off the foreign debt and asked for "equitable concessions" since it was impossible to pay the liabilities that have fallen due.

He said that he would indeed prioritize the negotiations for paying back public sector creditors and multilateral institutions "because they listen to political and diplomatic arguments, not just considerations of profit and risk, as is the case with private creditors."

Vargas Llosa has raised campaign issues that everyone is talking about but not with specifics or else in roundabout language.

The structural reforms that he is calling for are bold, unprecedented, and even, we would say, daring. Therefore, as of today they deserve serious, calm, and exhaustive treatment from all sectors.

From a comparison of views and opinions we will draw realistic conclusions, inasmuch as reforming an unworkable government with impoverished civil servants who have no motivation to serve is indeed a colossal task.

For their part, most of the businessmen, especially those who hustle around the corridors of ministries or the Central Bank every day, ought to be thinking about modernizing strategies and forgetting their baby strollers and wheelchairs.

The result will probably be a Peruvian-style free market.

The debate has begun in earnest.

Venezuela

Perez Declines Comment on Noriega 'Surrender'

PA0501040590 Hamburg DPA in Spanish 2057 GMT 4 Jan 90

[Text] Caracas, 4 Jan (DPA)—Venezuelan President Carlos Andres Perez today declined comment on the surrender of former Panamanian strongman Manuel Antonio Noriega to the U.S. Government. Attending the swearing in of (Social Christian) Oswaldo Alvarez Paz as new Zulia State governor, the president said he would not comment on the matter "until I consider it well and meet with my aides."

Meanwhile, (the ruling party's) Democratic Action Secretary General Deputy Humberto Celli said that, "fortunately," General Noriega is under arrest and "will be tried." "He was not just the typical dictator who undermines freedom, and tortures and exiles his opponents, but also has very unique characteristics: He was a drug trafficker who used Panama as a transit point for drugs to reach their consumer market," he noted.

Today Venezuela's press gave wide coverage to Noriega's surrender to U.S. forces. EL NACIONAL newspaper notes "Noriega is under U.S. control," while EL UNIVERSAL states "Noriega was taken to a Florida military base." An afternoon newspaper states today "fear of the crowds defeated Noriega," adding that "Panamanian political circles report over 8,000 U.S. marines disguised as natives infiltrated the demonstration authorized by (Panamanian President) Endara."

Foreign Minister Comments on Extradition, Noriega

PA0301190390 Hamburg DPA in Spanish 1338 GMT 3 Jan 90

[Text] Caracas, 3 Jan (DPA)—Venezuelan Foreign Minister Reinaldo Figueredo Planchart stated here today that citizens should be tried in their own country.

Figueredo's made these remarks when asked about Venezuela's position regarding the place where former Panamanian strongman General Manuel Antonio Noriega should be tried. Noriega sought refuge at the Vatican's Apostolic Nunciature in Panama City during Christmas, after U.S. troops invaded the country.

Regarding the possibility of holding an OAS foreign ministers' consultation meeting, Figueredo Planchart maintained that Latin America must allow democracy to express itself through the means that are inherent to it.

"We believe that a Latin American delegation must participate in a dialogue with the Panamanian Government and the occupying forces to discuss the withdrawal of the troops and express to the Panamanians the solidarity of Latin America and our wishes for Panama to recover its democracy. Latin America cannot remain silent; it must say that legitimacy cannot be obtained through a military invasion," he noted.

Asked about the stand that Venezuela will take at the OAS concerning a call to new elections by President Guillermo Endara, he said that there is a need for some kind of popular expression.

"Perhaps a constituent assembly could be formed to determine the steps to establish a democracy," he emphasized, adding that the final word rests on the democratic organs: the Constitution, the laws, and the people's free and sovereign will.

In conclusion, the Venezuelan foreign minister noted that the OAS consultation meeting could be held in mid-January.

Comment on Endara Recognition

PA0501035690 Caracas Venezolana de Television Canal 8 in Spanish 0037 GMT 5 Jan 90

[Text] Foreign Minister Reynaldo Figueredo Planchart has reiterated that Venezuela rejects any armed intervention that may harm the sovereingty of a nation, as was the case in Panama. He added that talks with Panamanian authorities will be established once the new government is confirmed by the people.

[Begin recording] [Figueredo] The Group of Eight has been in contact with the new Panamanian Government during the last days of 1989 and the first days of 1990. We will probably meet soon to issue a statement regarding this matter.

[Reporter] [Words indistinct] Endara's government? Will that be done?

[Figueredo] No. What we have said from the moment we learned about the armed intervention in Panama is that once the troops withdraw we would recognize Endara's government as a transitional government. That is what we said and we maintain that position. [end recording]

IMF 'Unanimously Approves' $323 Million

PA0401171490 Caracas Venezolana de Television Canal 8 in Spanish 1604 GMT 4 Jan 90

[Text] The Board of Directors of the IMF has unanimously approved our country's economic program, and authorized its third delivery of $323 million to Venezuela. Of this $323 million, $222 million will be delivered to Venezuela immediately. The rest will be used to back the operations to reduce Venezuela's foreign debt, once an agreement is reached with creditor banks.

In supporting the measures we have adopted, the IMF praised the Venezuelan Government's decision to implement a program that will allow the country to overcome it present crisis, reestablish economic growth, and control inflation.